



# ***Daily Report***

## **East Asia**

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# Daily Report

## East Asia

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## Japan

### 'Sources' Preview WTO Auto Dispute With U.S.

OW1006070495 Tokyo KYODO in English  
0650 GMT 10 Jun 95

[FBIS Transcribed Text] Geneva, June 10 KYODO — Japan and the United States are likely to make little progress in solving their automobile trade dispute in a meeting next week at the World Trade Organization (WTO) headquarters, Japanese negotiating sources said Saturday [10 June].

The two-day meeting opens Monday under the WTO's dispute settlement procedures, after Japan filed a complaint with the trade arbiter body May 17 against U.S. retaliatory moves over the breakdown of bilateral auto trade talks.

The meeting is likely to make little progress in solving the dispute since discussions will be limited to the proposed U.S. sanctions over the dispute, the sources said.

Under the procedures, Japan and the U.S. were given a chance to settle the dispute via bilateral negotiations before the WTO established a dispute settlement panel.

This is the first time for the two countries to hold consultations on auto trade after bilateral Framework Trade talks on the issue broke down in Whistler, Canada, in early May.

### 'Little Progress' Predicted in WTO Auto Talks

OW1206093695 Tokyo KYODO in English  
0920 GMT 12 Jun 95

[FBIS Transcribed Text] Geneva, June 12 KYODO — Japan and the United States on Monday [12 June] opened a two-day meeting on their automobile trade dispute at the World Trade Organization (WTO) headquarters amid widespread predictions that they are likely to make little progress in solving the dispute.

Japanese diplomatic sources noted that discussions at the meeting in Geneva are limited to the proposed U.S. sanctions over the dispute.

The meeting is being held under the WTO's dispute settlement procedures after Japan filed a complaint last month with the trade arbiter body against U.S. moves to impose a punitive 100 percent tariff on luxury car imports from Japan over the breakdown of bilateral auto trade talks.

Under the procedures, Japan and the U.S. were given a chance to settle the dispute via bilateral negotiations before the WTO established a dispute settlement panel.

Japan contends the proposed U.S. sanctions contravene WTO rules but the U.S. disagrees.

### No Agreement at WTO Auto Talks 12 Jun

OW1206151195 Tokyo KYODO in English  
1458 GMT 12 Jun 95

[FBIS Transcribed Text] Geneva, June 12 KYODO — Japan and the United States remained apart on an agreement during their automobile trade talks opening at the World Trade Organization (WTO) on Monday, sources close to the talks said.

Japan is continuing to demand that the U.S. retract its move to slap a 100 percent tariff on 13 Japanese luxury car models, while the U.S. is sticking to its decision to go ahead with the punitive measure, the sources said.

The talks took a break after two hours from the start and later resumed.

During the break, a U.S. official implied that the talks, originally scheduled for two full days, could end Tuesday. He said a statement, which will be issued at the close of the talks, could be issued Tuesday.

If the talks end the same day, Japan is expected to ask for the establishment of a dispute settlement panel under the WTO, the sources said.

The meeting is being held under the WTO's dispute settlement procedures after Japan filed a complaint last month with the trade arbiter body against U.S. moves to impose the punitive tariff on luxury car imports from Japan over the breakdown of bilateral auto trade talks.

With the situation deteriorating, the issue could be brought up in talks between U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama when they meet ahead of the Halifax summit this week, the sources said.

### MITI Official Criticizes U.S. Auto Hearing

OW1006134895 Tokyo ASAHI SHIMBUN  
in Japanese 10 Jun 95 Morning Edition p 12

[FBIS Translated Text] On 9 June, speaking about an 8 June public hearing held in the United States on the U.S. threat of sanctions against Japan in connection with the Japan-U.S. auto trade conflict, a senior official of the Ministry of International Trade and Industry [MITI] criticized procedures at the hearing, saying: "Antisanc-tion speakers were treated unfairly. For example, they were forced to speak after the prosanction participants, and moreover, the time given to them was reduced."

According to information obtained by MITI, the hearing began at around 1000 [U.S. time], and more time



was allotted to representatives of the U.S. auto industry, which supports the U.S. Government's hard-line attitude. The pro-sanction speakers were allowed to make their assertions supporting the sanctions until 1700, and then, the hearing suddenly went into recess. Opponents could state their case only from 1800 to 2200.

#### **'Source' Denies Rumors of Countersanctions**

OW0906232895 Tokyo KYODO in English  
2302 GMT 9 Jun 95

[FBIS Transcribed Text] Washington, June 9 KYODO — A Japanese diplomatic source flatly denied Friday [9 June] that Japan's Finance Ministry has ordered a financial counterretaliation against U.S. auto sanctions.

"I contacted Vice Finance Minister for International Affairs (Kosuke) Nakahira in Tokyo, and he said there is absolutely no such (order)," the source said.

A senior U.S. Treasury official also brushed off rumors Friday of Japan's financial counterretaliatory actions against U.S. auto sanctions.

"No, I don't think that is a serious concern," Treasury Undersecretary for International Affairs Lawrence Summers told reporters.

"As we've said often, a more open Japanese market and a reduced Japanese current account imbalance would make an important contribution to the healthy evolution of the world economy," he said.

In New York, rumors spread that Japan's Finance Ministry has ordered sell-offs of U.S. Treasury and other dollar-denominated instruments as a counterretaliation.

The United States has issued a preliminary sanctions list on the auto trade dispute with Japan, targeting 13 Japanese luxury car models with 100 percent tariffs affecting business worth 5.9 billion dollars.

The punitive tariffs are designed to go into effect retroactive to May 20 if no deal is hit by June 28.

#### **Ford-Japan Head Criticizes Closed Auto Market**

OW1006135395 Tokyo ASAHI SHIMBUN  
in Japanese 10 Jun 95 Morning Edition p 12

[FBIS Translated Text] Speaking at a 9 June lecture meeting on Japan-U.S. auto friction in Tokyo, Ken Suzuki, president of Ford Automotive (Japan), said: "The relationship between automakers and car dealers in Japan is like a superior-subordinate relationship in gangster organizations [yakuzayasanno kumi]. But in the United States, the relationship between automakers and car dealers is like an relationship of equality among club members. They are totally different." In this way, he lashed out at the closed nature of the Japanese car

market. The lecture meeting was held under the auspices of the American Center, a public relations agency of the U.S. Government.

Ford Automotive (Japan) has hurriedly built a new car dealership network in the Japanese market. In the last year, it established 18 car dealerships. Of these, 7 are affiliated with Nissan Motor Company and one is affiliated with Toyota Motor Corporation.

President Suzuki once worked for Toyota Motor Corporation and he stayed in the United States for a long time. He has detailed knowledge about the differences between the Japanese and American car markets. He lamented: "If Japanese car dealers want to sell Ford-built cars, they have to go to the Japanese automakers to swear their loyalty. Car dealers in Japan can do nothing without the consent of the automakers."

#### **Likely Impact of U.S. Auto Sanctions Studied**

OW1206061295 Tokyo ASAHI SHIMBUN  
in Japanese 12 Jun 95 Morning Edition p 9

[FBIS Translated Text] The ratio of estimated FY95 profit decrease of auto and auto parts makers will grow from 9 percent to 25 percent, compared to FY94, if the United States imposes sanctions against Japanese luxury car imports, the Nomura Research Institute [NRI] disclosed in an estimate concerning profits of companies listed in the first section of the Tokyo Stock Exchange.

According to the NRI estimate on 22 companies related to the auto industry, costs, mainly in materials and parts companies, will continue to be reduced in FY95. However, it also predicts that 9 percent of estimated profit decrease is inevitable because export businesses will be affected by the impact of yen appreciation and declining domestic auto sales. Moreover, the NRI says that U.S. sanctions against Japanese luxury car imports will cost those companies a further loss of 800-900 billion yen.

Meanwhile, the NRI calculates that the operating profit of 373 listed companies, excluding banking institutions, will increase 10.3 percent because of additional public investment included in the economic pump-priming package. However, since this estimate excluded the impact of U.S. sanctions, it will be revised downward if the United States imposes sanctions.



**Article Examines Tokyo's 'Trade Games'**

OW1206114695 Tokyo YOMIURI SHIMBUN  
in Japanese 4 Jun 95 Morning Edition p 1

[Article from the "Study '95" column by economics editor Hitoshi Nakamura: "Risks Involved in Trade Games"]

[FBIS Translated Text] Symbolized by their friction over the automobile issue, the relationship between Japan and the United States is becoming more acrimonious. Japan's diplomatic position in negotiations with the United States looks precarious. Japan may be able to win in the argument over the "point" that U.S. trade policy violates international free trade rules, but that can only jeopardize the overall Japan-U.S. relationship.

A government official in charge of economic diplomacy says that now that the Cold War has ended: "We have now entered an age in which Japan-U.S. talks should be clearly interpreted as trade games. The United States has frictions with Europe and China as well. Why should Japan not hold negotiations in a businesslike way?"

He says the time has passed when the priority diplomatic consideration was to ensure the western camp's unity was not impaired by confrontations over economic interests. The situation has certainly changed, but please remember it is also possible that the trade games may develop into something more serious.

**Japan-U.S. Talks Without Backstage Runners**

First of all, Japan has no clear idea of the point at which the talks should be brought to an end. Some in the government have been heard saying apprehensively: "We are pursuing brinkmanship diplomacy without looking ahead."

To make the matter more complicated, while in the United States the Clinton administration has taken power, in Japan the long-term rule of the Liberal Democratic Party collapsed, and short-life governments have followed one after another. This meant the near total disappearance of communications channels through which Japan and the United States could talk with each other honestly. In the past, secret negotiations were held behind the scenes — as they were at the time of the dispute over charges of dumping televisions and at the time Japan voluntarily decided to curtail vehicle exports to the United States. Secret envoys went between the two parties, and even the though fierce sparks of argument were flying around the official negotiating table, underneath it there were handshakes.

The backstage runners are now absent in the currency exchange forum and among political circles. Diplomacy no longer has a way to soft pedal disputes. And the

United States, meanwhile, is now heavily reliant on cut and dried, attorney-like negotiating tactics.

Secondly, when that is the given condition, Japan is pouring all its energy into the talks on the automobiles issue while doing nothing about basic issues such as the opening of closed markets or the reduction in current-account surpluses.

Absent are actions from the "linear" or "dimensional" viewpoints such as those on the overall economy, politics and security. In other words, Japan wants to argue about the principle of free trade in limited areas. The country needs to understand the "political economics" that oversees the whole of Japan-U.S. relations.

Thirdly, the political situations in each country are becoming increasingly insecure. In addition, trade friction is being exacerbated by the differences in approach of President Clinton and Prime Minister Murayama — the former wants to be too involved in trade policy issues while the latter prefers to be a bystander.

One diplomacy-related bureaucrat said: "We will contain the trade friction. Economic issues will be dealt with as economic issues; security issues as security issues." In other words, the old policy of "containing the Soviet Union" during the Cold War has been adapted to "contain frictions." The real fact of the matter is, though, that trade issues are more and more becoming political issues.

The focal point of President Clinton's action is that he wants to be reelected as president in 1996. Following his party's major losses in the mid-term election last fall, he was deeply irritated, and has been urged to handle trade issues in a political way. He appears to believe that Congress, industry, and workers want tough lines taken on issues.

Some information has it that the U.S. administration had already reached the conclusion before the breakdown of the auto talks that it should impress the public by taking a hard line stand against Japan, having the talks "break down, and then choosing to impose sanctions." One official said: "We tried to make concessions, and then the United States raised its hurdles [preceding word in English], thus intentionally making it impossible for the talks to reach a conclusion."

Now President Clinton cannot yield his position for domestic political reasons. Meanwhile, Japan, which has sued the United States for violation of World Trade Organization rules, now cannot yield its position because the world is watching.

We must take care that this trade friction does not go awry and develop into a political showdown between Japan and the United States. We must secure an early settlement to the auto talks, which have become a symbol of the trade friction.

#### **Compromise Must Start at the Private-Sector Level**

There are a number of choices — Japanese automakers can increase their foreign-parts purchasing plans voluntarily; government can ease regulations on the vehicle inspection system and the replacement parts market; the private sector can cooperate in building up the network of dealers that sell foreign vehicles; and so on. If a compromise could be made at the private-sector level, it might move the action away from a government-level clash.

Of course, some may say the auto talks broke down exactly because these choices could not be accepted. What is asked of Japan at this time is to calmly think about where it stands now.

It is the current international understanding that the Japanese market is closed. The United States has noted: "Over the past 25 years, Japan has exported 40 million vehicles to the United States and the United States has exported 400,000 vehicles to Japan. These numbers represents the closed nature of the market." It could be an exaggeration, but still the gap is too great.

We must also note that even though the Cold War has ended, the situation in East Asia surrounding Japan is becoming increasingly unstable.

We have heard some in the Japanese Government say: "We should target more clear-cut trade relations, such as those existing between the United States and China, or between the United States and Europe. But Japan's reliance on the United States for its security and as its export market is much greater. These things cannot be discussed at the same level of importance."

We would like Japan to reconfirm the fundamental point that it is for the benefit of Japan that it maintains sound relations with the United States, even though the Cold War is over, if it wants to survive in the increasingly unstable international situation.

#### **Bilateral Talks Urged To Resolve Auto Dispute**

OW1106144395 Tokyo SANKEI SHIMBUN  
in Japanese 7 Jun 95 Morning Edition p 7

[Article by Yukio Okamoto, an international affairs consultant: "Japan and the U.S. Should Have Other Alternatives in Auto Negotiations"]

[FBIS Translated Text] **U.S. Stubbornness Is the Primary Cause for Confrontation**

The auto trade friction between Japan and the United States has affected bilateral relations more than originally thought. Also, emotional confrontation between the two countries is intensifying. Is settling auto talks such a difficult task for the two countries?

It does not appear so. Japan and the United States concluded many tough negotiations in the past, such as those on textiles, beef, citrus, telecommunications, semiconductors, the FSX fighter jet, and the revision of Japan's Large-Scale Retail Store Law. The two countries also discussed the rice issue, although it was not a bilateral problem. In each case, an agreement was reached at the last moment after Japan was forced to accept U.S. proposals, which contravened market principles and could lead to the bankruptcy of Japanese farmers and retail stores and violates Japan's technological sovereignty. Certainly, the volume of car trade between the two countries is huge. However, considering the matters argued in the auto negotiations, it does not seem to be very difficult to settle the auto talks compared with past negotiations.

U.S. stubbornness is the primary cause for the deadlock in the negotiations. Washington has demanded that Japanese automakers review their voluntary parts procurement plans to buy more U.S. parts. The demand is unacceptable. Speaking from economic logic, it is unreasonable. The attitude of U.S. negotiators is also problematic. They should be blamed for giving importance to obtaining political points over reaching an agreement with Japan.

(By the way, the U.S. demand to liberalize the Japanese replacement parts market, which will necessitate a review of Japan's car inspection system, is reasonable in some points. Car inspection in Japan is costly and the system is complicated. Car salesmen usually say: "It is better for you to buy a new car than to undergo expensive car inspection." Such a car inspection system exists only in Japan. Japanese consumers suffer more from the system than U.S. parts makers.)

#### **Settlement of the Auto Dispute Under the WTO Unlikely**

The government chose to file a complaint with the WTO against the United States over the auto dispute. It made the decision in a dauntless attitude. The general public has supported the choice, hoping the government will obtain a verdict from the international organization on the unreasonable U.S. demand. It can be said that because the WTO is a place where bilateral trade disputes are settled through multilateral discussions, Japan should use the world trade watchdog. But is it really good to discuss the Japan-U.S. auto dispute at the

WTO? Logically speaking, it was a matter of course for Tokyo to bring the case before the world organization. However, considering what Japan may gain from WTO discussions, it does not seem to be a favorable decision for this country. Although the WTO has already begun its procedures for settling the auto dispute, Japan and the United States should continue their bilateral talks and study all possibilities for an agreement through bilateral talks.

Why should they do so? Most people think that like a family court which makes mediation proposals, the WTO will propose specific, binding measures to settle trade disputes. They tend to think the world organization will decide that "Washington should withdraw its plan to impose sanctions on Japan in accordance with Provision 301 of the U.S. Trade Act and Tokyo should liberalize this and that sector in the Japanese auto market." Such a proposal is unlikely. The WTO will find "the United States guilty" in the case brought up by Japan. However, the WTO judgment will not oblige Washington to withdraw its sanctions plan because it is not legally binding. So, the WTO may offer a substitute proposal. If the United States rejects it, Japan will be allowed to take countermeasures. In other words, what Japan will get after more than one year of discussions and an exchange of criticism with Washington at the WTO will be the WTO's permission "to take countermeasures against the United States."

Both Japan and the United States do not expect reconciliation through WTO discussions, but hope that the world trade watchdog will legalize their retaliatory measures. The settlement of the auto dispute is unlikely if the two countries take such an attitude.

Japan and the United States should not confront each other but continue efforts for an agreement through bilateral negotiations. They should do so to prevent the trade dispute from affecting not only bilateral trade relations, but also political and security alliances. What Washington has asserted is not right. Meanwhile, there are things that Japan should consider. Washington's main objective is to rectify the trade imbalance between the two countries. The U.S. trade deficit with Japan has swollen every year and has reached \$66 billion. Such a huge deficit in bilateral trade is unprecedented in the world. Both countries urgently need to implement effective — not makeshift but comprehensive — measures, including drastic deregulation, to reduce the U.S. deficit. Repeated arguments just within the framework of auto talks will not help solve the auto dispute. If Japan can give the United States a strong impression that it is resolved to substantially correcting the trade imbalance by expanding the framework of the talks, Washington may freeze its plan to make a final decision on sanc-

tions on 28 June. The two countries should not move straight toward seeking a solution at the WTO. They should always have the alternative of withdrawing their complaints by agreement.

### See the "Forest," Not Trees

Only the heads of the two countries can do this. If they see the "forest" and not just "trees," they will know that they cannot afford to let the auto talks break down. But they have not shown political intentions to see the whole picture. They reportedly plan not to discuss the auto issue at a forthcoming summit in Halifax. While the leaders of the two countries are satisfied with their formal exchanges of commitments to maintain good political relations and views on global environmental issues and cooperation among countries in the Pacific region, Japan-U.S. relations will steadily move toward confrontation.

### Analyst Views Auto Talks Stalemate

OW1206101295 Tokyo *EKONOMISUTO* in Japanese  
13 Jun pp 26-28

[Summary of remarks by Okamatsu Sozaburo, former deputy vice minister of international trade and industry and chief negotiator with the United States, in an interview with *EKONOMISUTO*; place and date not given; first of two articles in a special feature entitled: "Discussion: The Breakdown of the Japan-U.S. Automobile Negotiations"]

### [FBIS Translated Text] The Real Intention of the United States

The Japan-U.S. automobile negotiations cover three problem areas: The first is the purchase of auto parts; the second is importing finished automobiles; the third is the market for auto repair parts. The United States Government has announced sanctions under Section 301 of the U.S. Omnibus Trade Act against only one of the sectors — the market for auto repair parts. Japan has already stated its intention to ease regulations on auto repair parts markets. Japan and the United States differ only on how to achieve market deregulation; the problem, therefore, is considered fully negotiable.

However, the real intention of the United States is to push through its demands on the other two problem areas. On the issue of purchasing auto parts, Japan's enterprises have already announced a voluntary purchase plan. The United States, however, is not satisfied with the plan and is demanding further purchases. As far as the second problem is concerned, it is said the United States is demanding that Japan announce a definite number of new dealers handling imported cars, saying Japanese car dealers should handle more imported cars.



These are exactly the demands for numerical targets that the Japanese Government has been rejecting — demands that can never be accepted. The reason is that the demands go against the rules of free trade and are go beyond the authority and responsibility of the Japanese Government. European and Asian countries support Japan's stand on this issue. This principle will never be compromised.

If the United States continues to be particular about these two problems, therefore, there will be no progress in negotiations, and the World Trade Organization [WTO] will be the only place for discussion. First, Japan and the United States get a chance to discuss the issue, if they cannot then settle the matter, it will be left to a third party.

The Japanese Government will not pressure private firms to further increase purchasing plans so as to reach a compromise with the United States. In the past, enterprises voluntarily announced purchasing plans, after due consideration of their situation and that of the government. However, that is unthinkable this time for reasons that are obvious if we examine management and market situation of each enterprise.

The automobile market within Japan is currently stagnant, and production has declined compared to four or five years ago, when it was at its height. In such circumstances, five automobile companies had already announced in March 1994 the number of auto parts they would buy in the United States, projected spending that included 1995 as well. If the companies could further increase auto parts purchases, they might do so. However, that is impossible in the circumstances. The Japanese Government told the U.S. of the situation at negotiations held right up to end of last year, but the United States did not trust it. As a result, the U.S. Ambassador to Japan Walter Mondale visited each of the five companies and asked them to increase purchases — a request which each rejected.

If the United States actually takes sanctions against Japan, 100 percent tariffs will be imposed on Japanese luxury cars to be exported to the United States. This will inevitably make the business operation of Japanese enterprises more difficult. If the United States really takes such unreasonable action, Japan should take an appropriate measure against it. There is no reason for Japan to assume right now that the United States will inevitably impose sanctions. Within the United States, various opinions have already been expressed on the matter. Scholars and leading newspapers are opposed to sanctions. There will be heated discussion of the matter in the current political climate, and no final conclusion will be drawn until after such a process. Japan should

not succumb to U.S. threats without waiting for the result.

The United States was originally a very reasonable and righteous country. The United States differs from Japan in the process by which policy is decided. First the president announces his policy, after which it is discussed, and this leads to a final conclusion. The past performance of the Clinton administration shows it is a pragmatic one. For example, after ascertaining opinions within and without the United States, it has amended the comments it made originally. We expect the United States, which helped establish the WTO in the hope of developing a free trade system, will ultimately choose the right policy this time as well.

### The Danger of Numerical Targets

On the other hand, it is said that Japan, which has succumbed to U.S. threats in the past, has changed its course this time. This is because Japan cannot accept the U.S. demands because they are too unreasonable.

Furthermore, if the automobile industry succumbs to U.S. threats, there is the possibility the same thing will happen to other industries. Flat glass and paper have already been made the target of negotiations. On the issue of government procurement, agreed in negotiations in September 1994, there is the possibility the United States may file a complaint, saying there has been no increase even though competitive bids were made for purchases over a certain amount of flat glass and paper. If we begin to comply with demands that disregard the market economy, where will it end?

Past examples show the Japanese Government did not succumb to the threats of the United States. The government was the cause of a misunderstanding that it had made a secret promise with the United States in negotiations on semiconductors. The truth is that the Japanese Government simply recognized the 20 percent share that U.S. enterprises expected in the Japanese market. Later, though, the United States claimed the 20 percent was a commitment, and began to say that it was going to impose sanctions because it had not been realized. It was a bitter experience that once a number has been given, it becomes a target even if given voluntarily.

When former U.S. President Bush visited Japan, talks on auto parts agreed upon the figure of \$19 billion for the purchase of auto parts. Although it was expressly written that the figure was not a guarantee, Secretary of Commerce Brown and U.S. Trade Representative Kantor submitted a letter on the premise it was a commitment. Even if the U.S. Government says there is no commitment this time, there is a possibility Congress

will ignore the government and pass a sanctions bill. There is a precedent already in which the House of Representatives has passed a similar bill on auto parts.

Numerical targets, therefore, are very dangerous, and Japan cannot simply provide one at the request of the United States and try to make clear it is not a commitment this time.

The objectives of voluntary export restraints of cars, which were conducted in the past, are different in nature. The government can enforce restraints on exports by law if they are necessary for the maintenance of the international economic order. The government can restrain imports as well. Conversely, however, increasing imports, or guaranteeing the purchase of a fixed amount of goods cannot be made on the authority of the government unless the market within Japan is completely controlled by it — as in the case of rice. Under a market economy, it is impossible to force the nation to buy U.S.-made cars.

Although the Japan-U.S. relationship is important, however, Japan cannot compromise with the United States on the current problem, nor will the bilateral relationship as a whole be impaired by it. This is easy to understand when we look at sanctions wars which have been often waged between European countries and the United States.

We recognize that the issue of the trade imbalance lies behind the current problem. Japan's surpluses and the U.S. deficits are, after all, the problem of a balance in their savings and investments. It is economically nonsense to seek for a balance in bilateral trade, especially a balance of each sector.

Needless to say, though, Japan must seriously tackle the problems of deregulation and others, as well as its microeconomic policy.

#### **Auto Dispute With U.S. Seen Benefiting EU**

OW1006055295 Tokyo *NIHON KEIZAI SHIMBUN*  
in Japanese 9 Jun 95 Morning Edition p 5

[FBIS Translated Text] With the Japan-U.S. talks on the automobile sector set to begin in Geneva on 12 June, the Japanese Government appears to be getting closer to the European Union [EU] in hopes of winning the EU nations' support in its auto dispute with the United States. For instance, while European Commission [EC] Vice President Leon Brittan was in Japan on a visit, the government suddenly agreed to make a concession on the issue of the automobile standard and certification system, which the EU nations have demanded for so long.

It looks as if Brittan gained much from his visit through profiting from two contestants' disputes. Some in the government think "the EU took advantage of Japan's desperation to win its support" (to quote a senior official of the Ministry of International Trade and Industry [MITI]).

Brittan was pleased, saying: "Remarkable progress has been made (in the auto sector). I think it is a result which will lead to widened access to the market." He was pleased because the Ministry of Transport [MOT] had reversed its stand completely and announced Japan will join the treaty on the standard and certification system — something which the EU has called on Japan to do for a long time. This agreement means certificates issued by European nations will be accepted in Japan as they are written.

The contents of the agreement made by Japan were those going far beyond what the industry people had expected. Although MITI bluntly said "it is a result of the MOT's voluntary decision" (according to a senior MITI official), meticulous ground-laying work had been performed earlier. MITI strongly urged Masahide Ochi, MOT deputy vice-minister, to attend the meeting with visiting EU industrial leaders. In face of U.S. objections, the question of whether the EU can participate in the Japan-U.S. talks is not clear, however. It is still uncertain if Japan's efforts will bear fruits.

#### **'Secret Plan' Concerning U.S. Dollar Discussed**

OW1006125795 Tokyo *SHUKAN DAIYAMONDO*  
in Japanese 10 Jun 95 p 15

[Article by Yoji Fukuyama; from the "Business Inside" column]

[FBIS Translated Text] Tokyo and Washington have filed complaints against each other with the World Trade Organization following the failure of their auto talks. Amid this confrontation, the Japanese monetary authorities have reportedly begun to examine the possibility of implementing a "secret plan" aimed at increasing the pressure on the United States.

Their "secret plan" is to intervene in the currency market by selling U.S. dollars for German marks. The diversification of Japan's foreign-currency reserves is the ostensible reason for selling dollars and buying marks. Japan's reserve stockpile is now considered too dollar-heavy. But their real aim is to increase pressure on the United States by sending a message that Japan is going to move away from the dollar.

Amid the continued sharp appreciation of the yen against the dollar, the United States has been urging Japan to set "numerical targets" for purchasing U.S.

auto parts. Meanwhile, Japan has repeatedly been asking the United States to stop tolerating the strong yen-weak dollar situation, pointing out the danger of a free fall by the dollar. Despite Japan's warning, the United States continues to be indifferent to the dollar's weakness against the yen, because Americans are confident that there will be no risk of a free fall as long as the dollar remains strong against the currencies of other major trading partners, such as Canada and Mexico.

Some oil-producing nations are now moving away from the dollar and shifting to the yen for the settlement of oil export accounts. Under such circumstances, if Japan were to immediately announce its plan to move away from the dollar, this would have a tremendous impact on the currency market.

It seems that the U.S. monetary authorities have already been informed about this "secret plan." Senior officials of the U.S. Federal Reserve are said to be very displeased with it. There is even a story going around that the United States has responded to the message from Japan by saying "If Japan were to sell dollars for marks, the resulting appreciation of the mark against the dollar would increase the yen's value against the dollar as well."

However, the Japanese monetary authorities seem to be prepared to take some risks to force the United States to take more serious action in defending its own currency. Moreover, they have another reason for studying the possibility of selling dollars for marks. They fear that Japan is now suffering huge exchange losses due to its foreign currency reserves, worth some 150 billion dollars.

At the moment, this "secret plan" is still under examination. We still do not know if the government will approve it in the end. What is certain is that the plan would have a considerable impact if it were to be executed right after the stabilization of yen-dollar exchange rates. Therefore, we will have to keep a vigilant eye on the market trend.

#### **Aviation Talks With U.S. Remain Stalled**

*OW1206035695 Tokyo KYODO in English  
0306 GMT 12 Jun 95*

[FBIS Transcribed Text] Washington, June 11 KYODO — Japanese and U.S. negotiators in subcabinet-level civil aviation talks over establishing new air routes via Japan for U.S. airlines failed to produce any definitive outcome here Sunday [11 June], Japanese officials said.

The officials close to the negotiations said the United States has suggested the issues in the talks could be taken up in the foreign ministers' meeting of the two

nations at an upcoming Group of Seven summit in Halifax, Canada.

Japanese Foreign Minister Yohei Kono and his U.S. counterpart Warren Christopher are expected to hold talks just before the summit slated for Thursday through Saturday.

The U.S. also hinted that if the talks prove unsuccessful it may halt approval for new routes of Japanese airlines in a retaliatory move, the Japanese officials said.

They said that during Sunday's talks negotiators discussed cargo flight services between the two countries in general.

The U.S. reiterated its request for Japan to allow as soon as possible U.S. cargo flight operator Federal Express Corp. to add new air routes via Japan to the Philippines.

The request has been made under the use of "beyond rights" — rights granted in a Japan-U.S. aviation pact in 1952 for airlines to fly on to third countries.

Japan repeated the rejection of the request, saying the two countries should first review the pact, which Tokyo sees as unbalanced in favor of the U.S.

Japanese diplomatic sources said the negotiations have not reached the stage where discussions can be held at the ministerial level.

The two countries at least agreed to continue negotiations, though the schedule for the next meeting has not yet been set, they said.

#### **Tokyo Studying U.S.-Proposed Sanctions on Iran**

*OW1006004495 Tokyo KYODO in English  
2335 GMT 9 Jun 95*

[FBIS Transcribed Text] Washington, June 9 KYODO — The United States renewed its call Friday [9 June] on Japan to join the U.S. in imposing an economic embargo against Iran.

"We'll continue to press our concerns about proliferation issues with the Japanese," White House Spokesman Mike McCurry told a press briefing.

Earlier Friday, Tokyo formally told Washington it will not join the U.S.-proposed economic sanctions against Iran.

State Department Spokeswoman Christine Shelly told reporters, "we of course naturally are disappointed that the Japanese authorities do not...at least at this point...intend to join us in a ban on trade and investment in Iran."

"We remain firmly convinced that it is inappropriate for the industrialized democracies to support Iran with aid



or with official export credit and guarantees as long as Tehran continues its dangerous policies," she said.

The U.S. is expected to bring up the issue again at bilateral occasions with Japan during a June 15-17 Group of Seven summit in Halifax, Canada.

On June 15, before summit events begin, President Bill Clinton will meet Japanese Prime Minister Tomiichi Murayama after a round of meetings between U.S. Secretary of State Warren Christopher and Japanese Foreign Minister Yohei Kono.

"We certainly will continue to keep the issue under discussion with the Japanese," Shelly said.

Asked if the move is Japan's retaliation against proposed U.S. sanctions over auto trade dispute, McCurry said, "you should ask the Japanese Government about that, not me."

The U.S. request centers on Japan's stalled yen loans to Iran.

A Japanese Foreign Ministry official said Japan told the U.S. that Tokyo is studying the matter by comprehensively taking into account its policy on relations with Iran as well as Iranian actions.

On the U.S.-proposed sanctions, the official said Japan insists it does not think it appropriate to isolate Iran and push it in a radical direction.

Japan lifted an 18-year freeze on official yen loans to Iran in May 1993. It then provided 38.6 billion yen as a first installment of finance for construction of a hydroelectric power station in southwestern Iran.

The second installment of 45 billion yen was expected last summer, but Japan postponed a decision on the loan after Washington repeatedly pressed Tokyo to halt the aid.

Clinton issued an order banning U.S. trade and investment in Iran in early May in protest against Tehran's suspected nuclear weapons program and alleged support of international terrorism.

#### **Tokyo Not To Resume Yen-Based Loans to Iran**

OW1106121995 Tokyo ASAHI SHIMBUN  
in Japanese 11 Jun 95 Morning Edition p 2

[FBIS Translated Text] Regarding the full-scale U.S. economic embargo against Iran, the Japanese Government officially informed the United States of their policy of not joining it. At the same time, the Japanese Government is showing consideration for the United States by shelving a decision on the resumption of yen-based loans to Iran, saying that "we are still studying it." The United States had shown its strong opposition against

resumption of the loans. At the Halifax summit which will start on 15 June, the United States is expected to strongly insist on the need to isolate Iran. It seems that resumption of Japan's yen-based loans will be delayed even further.

Following Britain and France, the Japanese Government, at an early stage, firmed up its policy of not joining the sanctions because all-out economic sanctions against Iran would have direct impacts on Japan's oil import and other matters. As for the yen-based loans, however, Japan decided to continue delaying a decision, saying "we need to relieve the United States from disgrace," (according to a senior official of the Ministry of Foreign Affairs [MOFA]). The United States does not publicly say that it thought from the beginning that the possibility of Japan joining the sanctions would be low. But it seems that the United States has no intention of making further calls on Japan to join the sanctions as long as Japan continues to freeze its yen-based loans to Iran.

Initially, MOFA was of the view that it would resume the yen-based loans after the summit. Since the U.S. stiffened its stand more than Japan expected, MOFA is assuming the stance that it has no choice but to leave the case to a political decision. A senior MOFA official said that "administrative officials can no longer make a decision on it."

#### **Iranian President Sends Letter to Murayama**

OW1206063995 Tokyo KYODO in English  
0536 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Iranian President 'Ali Hashemi-Rafsanjani has sent a letter to Japanese Prime Minister Tomiichi Murayama repeating Iran's position that it is not supporting terrorism or developing nuclear weapons, a high-ranking Foreign Ministry source said Monday [12 June].

Iranian Ambassador to Japan Manouchehr Mottaki [name as received] handed the letter to Vice Foreign Minister Kunihiko Saito in a meeting at the Foreign Ministry earlier in the day.

The details of Rafsanjani's letter have not been disclosed, but the source said it also restated that Iran is not obstructing the Middle East peace process.

Saito and the Iranian envoy did not discuss Japan's stalled yen loans to Iran, the source said.

Japan lifted an 18-year freeze on official yen loans to Iran in May 1993.

It provided 38.6 billion yen in the first installment to finance construction of a hydroelectric power station in southwestern Iran.

The second installment of 45 billion yen was expected last summer. But Japan has been postponing a decision on the loan after U.S. Government officials repeatedly pressed Japan to halt the aid, citing suspicions that Iran is involved in a number of terrorist incidents.

Last Friday, Japan formally told the United States it will not join the U.S. in imposing an economic embargo against Iran, saying it does not think it "appropriate to isolate the country and push it into a radical direction" and that it cannot restrict commercial deals in the private sector.

U.S. President Bill Clinton issued an order banning U.S. trade and investment with Iran in early May in protest at Tehran's suspected nuclear weapons program and alleged support of international terrorism.

#### **Tokyo, Washington's Stances on DPRK Discussed**

*OW1206053295 Tokyo KYODO in English  
0504 GMT 12 Jun 95*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The top U.S. negotiator with North Korea, Robert Gallucci, and Japanese officials reconfirmed their positions Monday [12 June] in coping with the "final stage" of ongoing negotiations between the United States and North Korea, a Foreign Ministry official said.

During a series of talks with the Japanese officials at the Foreign Ministry, Gallucci explained in detail the U.S.-North Korea negotiations in Kuala Lumpur and his talks in South Korea over the weekend, the official said.

The type of light-water reactors which the Korean Peninsula Energy Development Organization (KEDO) are to provide to North Korea, and South Korea's role in it were discussed extensively, the official said, but refused to elaborate further.

"We reviewed where we were in Kuala Lumpur and reported on our consultations in Seoul," Gallucci told reporters after a meeting with Vice Foreign Minister Kunihiro Saito. "We are of course still not at the point of solving the problem but we're working at it."

The main obstacle in talks between the U.S. and North Korea has been Pyongyang's refusal to have South Korea play a central role in replacing its graphite-moderated reactors with light-water reactors.

The U.S. and North Korea said over the weekend they have reached "tentative understandings" to implement the U.S.-North Korea nuclear accord reached in October last year in Geneva but did not give details.

South Korean officials, however, were reportedly dissatisfied at U.S. willingness to seek a compromise in the long-running talks with Pyongyang without explicitly confirming in writing Seoul's role in the 4 billion dollar project to provide light-water reactors.

Gallucci, who held separate talks with Foreign Minister Yohei Kono, Vice Foreign Minister Saito, and Tetsuya Endo, Japanese representative at KEDO, and senior Foreign Ministry officials, said he had a "good talk" with the Japanese side.

U.S. Assistant Secretary of State for East Asian and Pacific Affairs Winston Lord also attended the meetings.

"I would say that we, the Republic of Korea and the Government of Japan coordinate our positions quite well but we still do not have an agreement with the DPRK in Kuala Lumpur," Gallucci said.

He declined to confirm whether North Korea has asked the U.S. for an additional 1 billion dollars in aid, saying he does not think it a "wise idea for me to talk about the details of the ongoing negotiations."

The U.S. ambassador-at-large arrived in Japan on Sunday after visiting South Korea. He will leave for Washington later in the day.

#### **Daily: DPRK Plans To Resell Rice to PRC**

*OW1206060495 Tokyo SANKEI SHIMBUN  
in Japanese 11 Jun 95 Morning Edition p 1*

[FBIS Translated Text] On 10 June, SANKEI SHIMBUN learned that North Korea (DPRK) plans to resell rice to be supplied by Japan to a Chinese trading company. In the past, the communist state exported its imported wheat to third countries despite "hunger" at home. Thus, some people suspect that North Korea may provide China with rice to be lent by Japan.

The Japanese Government and the ruling parties have begun studying the possibility of lending rice to North Korea. SANKEI SHIMBUN has found that timed to coincide with the progress in discussions on this issue in Japan, Pyongyang approached a trading firm in a city in China's Liaoning Province with an offer to export a large quantity of rice to China.

According to a source familiar with Japan-DPRK affairs, the trading firm received the offer to "export 200,000 to 300,000 tons of rice" to China in mid-May. It was just before Yi Song-nok, chairman of North Korea's International Trade Promotion Committee, visited Japan with a letter from Kim Yong-sun, secretary of the Workers Party of Korea, and made an official request for rice to Tokyo at meetings with former Foreign Minister Michio Watanabe and other Japanese officials.

In the DPRK, food is procured not only by the government but also by "trade offices" set up at hotels for foreigners in Pyongyang, the capital.

These hotels buy rice in China. The city where the aforementioned trading firm is located is one such place where North Korean hotelmen visit to purchase rice.

The same source said "it is quite rare" for North Korea to offer the export of rice. Pyongyang is said to have offered to export 200,000-300,000 tons of rice. The amount is close to what Japan is expected to lend North Korea.

According to Beijing, trade volume (in FY 1993) between China and North Korea reached \$900 million, of which \$600 million were China's exports and \$300 million were its imports from the DPRK. Pyongyang imports food from China.

A South Korean Government source said because of last year's poor harvest in China and Pyongyang's failure to make payments, food export from China to North Korea has drastically decreased. According to the Japanese Agriculture Ministry: "Last year's flood in Liaoning Province has caused a shortage of rice there." Thus, "it is possible that North Korea will sell rice to be supplied from Japan to China at a low price" (as stated by a source familiar with Japan-North Korean affairs).

However, rice is a military strategic material for the DPRK. It is believed that because the communist state, which suffers a serious food shortage, has no "excess rice" to export to foreign countries, it is seeking rice from Japan to resell.

A request for rice from North Korea to Japan was secretly delivered to Koichi Kato, chairman of the Liberal Democratic Party's Policy Research Council, via Beijing at the end of last year. Seoul recently expressed opposition to Japan independently providing rice to North Korea in a message released by Foreign Minister Kong No-myong. Because of this, an opinion has cropped up within the Japanese Government and the ruling parties that Japan and South Korea should jointly extend rice aid to North Korea. However, Pyongyang has refused to ask Seoul for rice.

#### **Moves Surrounding Rice Aid to DPRK Viewed**

*OW1206104995 Tokyo AERA in Japanese 12 Jun 95 pp 19-21*

[Article by Hiroshi Hasegawa, AERA staff editor: "Profound Mystery Surrounding Humanitarian Rice Aid"]

[FBIS Translated Text] There could be no stranger breakfast meeting than this one.

It was a breakfast meeting where the Murayama regime's three coalition party representatives were present to receive an emergency request for rice from the DPRK visitors headed by Yi Song-rok, chairman of the International Trade Promotion Committee.

The gathering was held at "Sirius Room," located on the 36th floor of Tokyo ANA [All Nippon Airways] Hotel, for about an hour from 8:30 A.M. on 26 May, three days after the five-man party with Yi Song-rok arrived in Japan.

Puzzling was the fact that personal letters from Kim Yong-sun, a member of the Central Committee and the Secretariat of the WPK [Workers Party of Korea], handed by Yi Song-rok to four men of the three coalition parties, bore no titles of Kim.

The four men who received the personal letters were Michio Watanabe and Policy Research Council Chairman Koichi Kato of the LDP, Secretary General Wataru Kubo of the SDPJ, and senior representative Yukio Hatoyama of Sakigake [Harbinger]. Although I did not check all four personal letters, it is true that one of them only carried the individual name of Kim Yong-sun, leading me to surmise that all the four were identical.

#### **Some Are Doubtful of the Validity of the Personal Letters**

In addition to being a member of the WPK Central Committee and Secretariat, Kim Yong-sun also heads the WPK's Department of Unification Front and the inscrutable Asia-Pacific Peace Committee as its chairman. Assisting him as deputy of both organizations is Yi Chong-hyok.

The personal letters were something like greeting letters, introducing Yi Song-rok to the Japanese side and expressing his intention to visit Japan some day. Whatever the contents, they were official letters addressed to either representatives or leading figures of Japan's three coalition political parties. They cannot be regarded as personal exchanges between individuals.

In such case, the letters should mention expressly the position or the status of the writer, a member of the Central Committee and the Secretariat of the WPK, at the very least. As a matter of fact, some on the side who received the letter without the writer's title are doubtful of its validity.

Guesses are that Kim could not use the title of the WPK Central Committee member and so on because the DPRK's leadership is divided in its opinion about whether a rice assistance request should be made to Japan. By not using his title, he might have thought



of excusing himself when the request of rice assistance becomes an issue as an act beyond his position.

The Department of Unification Front, which Kim Yong-sun heads, is an organization in charge of political maneuvering against the ROK with the objective of integrating the ROK under DPRK control. Still others regard that organization as a kind of saboteur agency and Japan is considered to be a base for such subversive activities.

On top of it, about a year ago, a new organization under the name of the Asia-Pacific Peace Committee made a debut all of sudden with Kim Yong-sun as its chairman and Yi Chong-hyok vice chairman. But its function, whether it is newly established or the unveiling of an already extant organization, and where it belongs — the party, government, or an private organization — is not known to Japanese specialists on Korean affairs.

Although its relation with the WPK's Department of Unification Front is not clear, it is clear that the leader and deputy head of both organizations are concurrently holding both two posts.

And Yi Song-rok's visiting group included leading figures of the new organization — the Asia-Pacific Peace Committee.

Thus, it became more conspicuous that the rice assistance request to Japan was a private affair between Kim Yong-sun himself and Japan's specific group.

#### **Private Citizen Included in Coalition Party Mission to DPRK**

Earlier, in the beginning of this year, Takeshi Yoshida, president of the firm Shin Nihon Sangyo [New Japan Industry], was asked by Saburo Sato, in charge of the office of Koichi Kato, to relay a message to the North Korean side.

It has not been confirmed if the message mentioned rice assistance. But Yoshida verbally relayed certain messages to Deputy Chairman Yi Chong-hyok of the Asia-Pacific Peace Committee or somebody close to him.

Takeshi Yoshida's grandparents were Koreans, and he changed his Korean name to a Japanese one and became a naturalized Japanese when his now-deceased father Tatsuo was alive. His father Tatsuo began a trading business with North Korea.

Takeshi, Tatsuo's fourth son, succeeded his father's business and has built a close relationship with those related to the North Korean party and Government, like his father. It was immediately known from words and deeds that his father, Tatsuo, was a convinced supporter

of the Kim Il-song system. Japanese authorities, therefore, have shown a strong interest in Takeshi's activities and compiled a file on him.

With the special relationship between both Kim Yong-sun and Yi Chong-hyok and Koichi Kato's office in the background, a top secret meeting between Japan and the DPRK was held in Singapore in February of this year.

From North Korea, Yi Chong-hyok was dispatched, and from Japan, Kosuke Hori, LDP's deputy chairman of Policy Research Council and Yukio Takeuchi, counselor of the Foreign Ministry's Asian Affairs Bureau, attended.

Those concerned had a tacit understanding that this contact did not exist.

Hori categorically denied meeting anybody related to North Korea, although he admitted his stopover in Singapore while on a foreign tour. He would get excited if persistently asked about the meeting. Despite this, those close to the then-government would admit holding the top secret meeting.

When the three-coalition-party mission officially visited the DPRK in the end of March, Takeshi Yoshida was included in the group, carrying a namecard that read "Takeshi Yoshida of the office of Koichi Kato, a member of the House of Representatives." He had nothing to do with Dietman Koichi Kato's office, but had been asked by that office's Saburo Sato to go with the mission and carried such namecards. Sato himself was on the list of the LDP delegates of the mission.

Thus, Takeshi Yoshida became a member of the three-coalition-party mission to the DPRK, something his father Tatsuo would never have dreamed of. He was on hand when the Japanese made preparations for meeting with the DPRK side. Kim Yong-sun and Yi Chong-hyok represented the DPRK side in meeting with the three-coalition-party mission.

#### **Identical With Prewar Japanese-German Diplomacy**

Ostensibly, Yi Song-rok's group was said to have come to make prior consultations for a Japan-DPRK friendship academic-cultural festival to be held in Kyoto in October.

The group flew from Beijing to Kansai Airport and tentatively stayed at Miyako Hotel in Kyoto. There, Takeshi Yoshida was on hand to welcome the group.

The Japanese hosts at the breakfast meeting at Tokyo ANA Hotel were Watanabe and men in charge of party affairs and policymaking of the three coalition parties,

along with a stranger at the far right of the Japanese hosts. It was Saburo Sato.

Requests for an interview with Koichi Kato and Saburo Sato were unanswered. But those in a wide sector of Japanese society, including the ruling coalition parties and Japanese Government, commented on this matter. One of those in the government said, "In my opinion, they are doing wrong things."

In pre-World War II days, the office of Ribbentrop was abruptly established in a building across from the German Foreign Ministry in Berlin, and it started to engage in German diplomacy. The owner of the office was Joachim von Ribbentrop, a confidant of Adolf Hitler.

The Japanese Government, especially the [Imperial] Army, steered diplomacy between Japan and Germany through this office or Ribbentrop, almost ignoring the legal channel of the German Foreign Ministry, toward the tripartite alliance with Nazi Germany and Fascist Italy; and then destruction — the total defeat.

When the Tripartite Pact was signed, Ribbentrop was German foreign minister, but its groundwork behind the scenes had been carried out with the Ribbentrop office.

The reason behind the fact that the Sino-Japanese War of 1937- 1945 was drawn into a quagmire and its devastation spread into the Chinese mainland was mainly due to the actions the Japanese Government had taken. Although having the intent of breaking the deadlocked situation, the Japanese Government intentionally evaded the regular organizations and agencies of the Republic of China [ROC] Government and continued to repeat intriguing contacts with various other groups and leaders. Such activities only added fuel to the repulsion of the counterpart regime.

### **Suspicious of New Interests Emerge**

Japan has nothing to be daunted about or feel ashamed of if unexpected situations unfold in North Korea, if it proceeds with the work of improving relations through such regular channels as the International Department of the WPK. Contrarily, almost all activities involving both the Department of Unification Front and the Asia-Pacific Peace Committee are shrouded in secrecy.

The office of Koichi Kato is carrying out activities that may exert a major influence over the future relations between the Korean peninsula and Japan one-sidedly, without informing the people about them at all. This is exactly the same as the Japanese intrigue on the Chinese mainland before and during the war.

What cannot be overlooked here is the fact that not only is a private group such as Koichi Kato's office,

but also part of the Japanese regular administration is participating and lending a hand in such a scheme.

Eventually, Japan cannot evade either responsibility nor make excuses because Foreign Ministry officials such as the councilor of the Asian Affairs Bureau had contact with men of unconfirmed character who are supposed to be in charge of negotiations. The disadvantageous position of the men is easily imaginable.

Visas were issued to Yi Song-rok's group in a rare, speedy manner — within several days. In the case of North Koreans, it usually takes several weeks, or sometimes even more than a month, for important persons to get a visa. What made this difference?

The unexplained activities that led to the breakfast meeting at the Tokyo ANA Hotel had already aroused suspicions revolving around new interests. Diet members are receiving facsimile information from unidentified sources about transactions to import river sand.

The amount of the rebates the Japanese side is supposed to receive from rice assistance is also being secretly circulated.

### **The SDPJ Has Been Left Out**

When what has been referred to as a "humanitarian" situation is taking place in North Korea, it is far more effective for major rice exporting nations to call an emergency international meeting, for instance at the United Nations, and decide to supply rice in large quantities. Japan should have assisted in that direction.

Financial assistance to rice exporting countries is another choice.

Despite this, behind-the-scenes activities between specific groups in Japan and the DPRK are making the building of special relations under the guise of "humanitarian" assistance a fait accompli.

The SDPJ, which had regarded the DPRK as the sole government in the Korean peninsula and ignored the existence of the Republic of Korea, seems to have nothing to do with the current suspicion over the rice assistance, as far as within-the-party testimony is concerned.

According to sources close to Wataru Kubo, the secretary general was notified of the 26 May breakfast meeting by Kato's office the previous evening.

There was an episode when the three coalition party representatives visited North Korea at the end of March:

Kim Yong-sun had a lengthy talk with the SDPJ delegates, including Kubo, from midnight on the day

when the Japanese mission arrived till dawn of the next morning.

At this meeting, the SDPJ side demanded an explanation from Kim Yong-sun. The question was whether the DPRK had shifted its Japan channel from the SDPJ to the LDP, by presenting concrete examples before him.

Kim Yong-sun denied this, saying that that kind of rumor is a malicious intrigue to discredit the SDPJ.

But Yi Chong-hyok, who had had a top secret meeting with leaders of the LDP and the Japanese authorities in Singapore before the three-party-mission's visit to North Korea, is regarded as the most trusted confidant of Kim Yong-sun.

During the visit of the three-party mission, Yi Chong-hyok was observed to make no attempt to approach the SDPJ leaders who had acted like the DPRK's attorneys-at-law.

At any rate, it is now apparent that the North Korean plot to divide the Japanese side is succeeding, if such a plot is being staged by the DPRK.

#### **ROK Envoy Holds News Conference on Ties**

OW1206125295

[FBIS Editorial Report] The Asahi Newstar Television Network in Japanese at 1903 GMT on 7 June carries a 60-minute recorded news conference by South Korean Ambassador to Japan Kim Tae-chi with unidentified domestic and foreign reporters at the Japan Press Club in Tokyo.

The news conference begins with an opening statement by the unidentified dean of the press corps on the conduct of the news conference. The unidentified dean reflects in length on the history of Japan-South Korea relations and asks the South Korean envoy to comment on how Japan-South Korea relations should be maintained in the future. Ambassador Kim, speaking in fluent Japanese, briefly explains how both Japan and South Korea normalized their relations in the past and notes that "the normalization of diplomatic relations between Japan and South Korea has laid a firm foundation for the two countries to closely cooperate with each other under the rapidly changing international situation," adding that "over the past 30 years, the relations of Japan and South Korea have significantly developed in various fields." Ambassador Kim points out that "bitterness still lingers among South Koreans toward Japan, even though relations between the two countries were normalized." The South Korean ambassador stresses that, "for the two countries to build a future-oriented relationship, they need to smoothly allay the bitterness still felt by South Koreans toward Japan."

Discussing significant developments in the relationship of Japan and South Korea, Ambassador Kim points out that trade between Japan and South Korea amounted to \$38.9 billion as of the end of last year, as against \$200 million in 1965, and adds that brisk personnel exchanges have taken place between the two countries.

Touching on diplomatic relations between the two countries, the South Korean envoy notes the controversial remarks by a Japanese politician, apparently referring to the remarks by former Deputy Prime Minister and Foreign Minister Watanabe, and points out that "notwithstanding, the two countries are moving in the direction of understanding each other."

The South Korean envoy points out that some Japanese take a differing view of the past war from the view held by a majority of South Koreans and "their differing view on the war will stand in the way of further improving the relations of the two countries." He then stresses that "the Japanese should take a correct view of the past war," and adds that a string of remarks by successive Japanese prime ministers as they visited South Korea fell short of assuaging bitter feelings held by the South Koreans toward Japan. He also stresses that "Japan should build a smooth relationship with its Asian neighbors after making a clean slate of its war past" and adds that "Japan will be able to play a proper role in the world only after making a clean slate of its war past."

Discussing the east Asian situation, the South Korean ambassador points out that the "east Asian situation is still in the state of Cold War" and notes continuing tensions on the Korean peninsula. He stresses the need for both Japan and South Korea to cooperate with each other in bringing stability to east Asia. He also says that the "two countries need to cooperate with each other in resolving global issues" and notes their cooperation in making the Osaka APEC meetings a success, adding that "Seoul is ready to cooperate with Tokyo to that end."

Referring to the trade imbalance between Japan and South Korea, Kim points to the \$11.8 billion South Korean trade deficit with Japan in 1994 and stresses the need to redress the imbalance, calling the "correction of the trade imbalance a political issue between Seoul and Tokyo."

Asked by a unidentified reporter to comment on the parliamentary no-war resolution, the South Korean envoy notes that the "handling of the Diet no-war resolution concerns Asian nations" and says South Korea has been watching with a great interest how Japan handles the no-war resolution, but he states "I feel that the no-war resolution is a step backward compared with



remarks made by successive Japanese prime ministers as they visited South Korea."

Asked by Miyazawa, a NIHON KEIZAI SHIMBUN commentator on international affairs, to specifically explain the bitterness held by South Koreans toward Japan, the South Korean ambassador says the "bitterness has arisen from past issues such as the issue of comfort women" and points out that the "past issues are still alive in South Korea." He says past issues involving South Korean individuals still remain unresolved and the resolving of those issues is a task for Japan.

Asked by an unidentified reporter to comment on the issue of supplying rice to North Korea, Ambassador Kim says South Korea has from time to time offered North Korea to rice and notes that "North Korea should first receive rice from South Korea." He says "South Korea has unequivocally told Japan that Japan should examine the possibility of supplying the rice to North Korea after South Korea supplies the rice to North Korea." He adds that "Japan should not supply rice to Pyongyang before consulting with South Korea about it" and says that the "Japanese Government's position is that Tokyo will handle the issue of supplying the rice to Pyongyang after winning the understanding of Seoul." He discloses that "North Korea is said to be ready to accept the supply of rice from South Korea and this position has been indirectly stated to South Korea." He also reveals that "Seoul has notified Pyongyang that if it needs rice, it should directly ask Seoul for the rice," adding "both Seoul and Pyongyang has many channels to discuss the issue of supplying the rice."

NHK reporter Kishi asks the South Korean envoy whether North Korea has directly asked South Korea for rice and whether South Korea intends to link the issue of rice supply to North-South dialogue. Ambassador Kim says that at the "present stage, North Korea has not directly asked South Korea for rice." He goes on to say: "South Korea's basic stance is that, for tension on the Korean peninsula to be defused, North and South Korea should hold a dialogue. North and South Korea should cooperate with each other through the dialogue." He adds that "South Korea has continued to seek dialogue with North Korea through various channels, but North Korea has not responded positively."

At 2003 GMT the coverage of the news conference ends after a discussion of culture exchanges between Japan and South Korea.

#### **Hong Kong Group Criticizes No-War Resolution**

OW0806114695 Tokyo KYODO in English  
1126 GMT 8 Jun 95

[FBIS Transcribed Text] Hong Kong, June 8 KYODO — A Hong Kong group seeking war compensation from Japan on Thursday [8 June] strongly criticized the wording of a "no-war" resolution to be adopted by the Japanese parliament shortly to mark the 50th anniversary of the end of World War II.

In a letter of protest to Prime Minister Tomiichi Murayama, delivered to the Japanese Consulate General earlier Thursday, the group expressed its "disappointment and anger" at the fact that the resolution does not go beyond stating Japan's "deep remorse" over its wrongs during the war.

After months of bickering, Japan's ruling three-party coalition agreed Tuesday night on a draft that includes reference to the modern world's history of aggression and colonial rule, and alludes to Japan's involvement in these deeds, for which it expresses remorse.

The group said it lacks any expression of apology and references to compensation for damage and suffering sustained at the hands of Japanese troops. Similar criticism has been voiced by groups from South Korea and the Philippines.

It also urged Japan to truly face its war responsibilities, pay compensation to the Asian people that were victims of Japanese aggression and to strictly suppress any revival of Japanese militarism.

Kimihiro Ishikane, head of the consulate general's General Affairs Department who accepted the letter of protest, said he would convey the group's demands to the government in Tokyo.

#### **Indonesian Alatas: Wartime 'Problem Is Over'**

OW0906130795 Tokyo KYODO in English  
1246 GMT 9 Jun 95

[FBIS Transcribed Text] Jakarta, June 9 KYODO — Indonesia said Friday [9 June] that it had never insisted upon Japan's official apology for its much condemned part in World War II, saying that the problem with the country has been over.

"We never insist on it and Indonesia always says that the problem is already over," Indonesian Foreign Minister Ali Alatas said Friday.

The tripartite ruling coalition of Japanese Prime Minister Tomiichi Murayama's Social Democratic Party [of Japan, SDPJ], the Liberal Democratic Party and New Party Sakigake pushed a no-war resolution through the

House of Representatives on Friday, expressing Japan's regret over its role in World War II.

However, the resolution does not mention a clear-cut apology to Asian nations for wartime atrocities.

"Japan had tried to pay for what maybe we can call as its sin with a reparation agreement with Indonesia, and with other Southeast Asian countries, so for us the problem is over," Alatas said.

"We will never talk about it anymore," he said, adding that enough is enough, and that the two countries should look to a future in which such things will never recur, and focus on how to improve relations.

However, when asked about the compensation demanded by former wartime sex slaves — the so-called "comfort women," Alatas said the Indonesian Government always tries to support its citizens or individuals fighting "for a legitimate thing and something which becomes their rights."

#### **Official: MITI Concerned Stocks, Economy**

*OW1206062895 Tokyo KYODO in English  
0542 GMT 12 Jun 95*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — A tanking [word as received] stock market and worrisome economic reports are cause for concern but not for taking emergency measures, the top Ministry of International Trade and Industry (MITI) bureaucrat said Monday [12 June].

"We are extremely concerned," MITI Vice Minister Tomio Tsutsumi said shortly after the Nikkei stock average plunged below 15,000 in morning trading and three days after a key report showed companies seeing economic improvement but fearful of the future.

"While remaining concerned, we want to closely watch developments," Tsutsumi told a regular news conference. "The circumstances do not warrant immediate measures."

He noted that while Friday's "tankan" survey by the Bank of Japan showed conditions improved from February to May, the key business readings were below forecasts.

On the fractious auto trade dispute with the United States, Tsutsumi said U.S. hearings Friday to take public comment on proposed trade sanctions were "not fair."

"Coverage of the opposing faction" to the threatened 100 percent tariffs on 6 billions dollars worth of Japanese luxury cars "was not good," he said, adding that "there must have been a little fairer way of doing it."

But Tsutsumi acknowledged that the hearings are a domestic U.S. issue, and senior MITI officials have noted in the past that Japan has no provision for such public hearings on the effect of proposed trade actions.

There is no plan for MITI Minister Ryutaro Hashimoto to meet one-on-one with U.S. Trade Representative Mickey Kantor when leaders and top ministers of the Group of Seven industrial powers meet Thursday through Saturday in Canada, Tsutsumi said.

MITI has received no request from Kantor to meet, he added, countering Japanese press reports that Kantor made such an offer.

Tsutsumi played down two days of bilateral meetings starting later Tuesday in Geneva on Japan's complaint to the World Trade Organization over the threatened sanctions. The talks, to which Washington is sending a small, low-level delegation, will be a "clerical" discussion of the legality of the sanctions, he said.

Tsutsumi also said that Hashimoto may accompany Prime Minister Tomiichi Murayama to Paris for Monday meetings with French President Jacques Chirac and European Commission President Jacques Santer, rather than returning directly from Canada.

#### **Matsushita Warns Markets To Heed G-7 Accord**

*OW1006053695 Tokyo KYODO in English  
0509 GMT 10 Jun 95*

[FBIS Transcribed Text] Osaka, June 10 KYODO — Bank of Japan [BOJ] Governor Yasuo Matsushita on Saturday [20 June] warned world currency dealers against disregarding an April agreement by top financial officials from the Group of Seven (G-7) economic powers on reversing the U.S. dollar's weakness.

The head of the central bank made the warning in a speech delivered to about 1,000 currency dealers from around the world who gathered for a three-day annual meeting at the Asia-Pacific Trade Center in downtown Osaka, which opened Thursday.

"The yen's recent sharp advance against the U.S. dollar is apparently excessive and overdone" from viewpoints of both countries' economic fundamentals, Matsushita said.

"The strong yen is having adverse effects on the Japanese economy, which is on a moderate recovery course," he said, adding that "the yen's recent gain is unjustifiable."

The central bank will not change its monetary policy only to prevent the yen from further strengthening against the dollar, Matsushita said, reminding currency

dealers of the G-7 concerted intervention into markets to salvage the plunging dollar in late May based on their April accord.

"The present floating system is the most realistic to secure stability of the foreign exchange rates," he said, adding that "dialogue" between the central banks and the currency markets is essential for stable foreign exchanges.

"Since the degree of the yen's appreciation has been larger than that seen last year, there is concern that the negative influence on the economy may be similar to that experienced in 1993," Matsushita said.

In 1993, the yen's sole rise against other currencies clearly exerted an adverse impact on the nation's economy, Matsushita said.

He said it is "difficult to justify the dramatic appreciation of the yen in the early part of this year," characterizing its recent movements as "overshooting."

Foreign exchange dealers from more than 55 countries attended the 37th annual congress of the Association Cambiste Internationale (Forex '95 Osaka) to exchange views on fast-growing markets in Asia.

In the speech titled "Dialogue With the Market," Matsushita said it is important for the monetary authorities to inform the market correctly of their evaluation and policy intention, as well as to interpret the implication of market signals correctly, with a view to achieving exchange rate stability.

To this end, it is imperative for Japan to promote deregulation further and enhance market transparency in such areas as disclosure for the better functioning of the market mechanism, Matsushita said.

Regarding calls for monetary policy measures to stabilize exchange rates, Matsushita reiterated the central bank does not implement monetary policy solely targeted at the currency rate.

The interest rate is only one of many factors influencing the exchange rate, and the effect may vary from time to time depending on the economic environment, he said.

Matsushita also said monetary policy only for the exchange rate could lead to such interest rates as unwarranted by domestic economic conditions that would impose high costs on the domestic economy.

The central bank will continue conducting monetary policy based on a broad judgment of the development of the economy as a whole, including the influence of the exchange rate, Matsushita said.

For the current floating exchange rate system, which was introduced in 1973, Matsushita said although it

has failed to meet early euphoric expectations, it has nevertheless functioned fairly well.

"(The current system) has been a practical choice where no other viable choice was available and, in that sense, has been well tested historically," he said.

To stabilize exchange rates under the system, the central bank will make every effort to help market participants understand its policy intentions as clearly as possible, while grasping the workings and characteristics of the market, including new financial instruments and techniques, to read market signals correctly, he said.

#### **BOJ To Maintain 'Easy Credit Policy'**

*OW1206071495 Tokyo KYODO in English  
0642 GMT 12 Jun 95*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The Bank of Japan [BOJ] will continue its easy credit policy for the time being, BOJ chief Yasuo Matsushita said Monday [12 June].

The downward trend in money rates under the BOJ's easy credit grip is not over yet, Matsushita told a budget committee meeting of the House of Representatives.

The downward trend is spilling over to various quarters of Japan's economy, he said.

The central bank announced at the end of March it will guide short-term money rates "significantly lower." Shortly after the policy was clarified, the BOJ cut its discount rate by 0.75 point to a record low of 1.0 percent.

The Japanese economy is basically on a stable track, Matsushita also said in reference to the latest BOJ survey.

The May "Tankan" survey of business confidence released last Friday contains figures attesting to the underlying firmness of the Japanese economy, Matsushita said, citing brighter signs in capital spending and corporate earnings.

The survey also indicated corporate fund-raising has become easier, Matsushita said, referring to improvement from 11 to 13 in a corporate cash surplus index in the latest Tankan survey.

The Tankan survey put a diffusion index at minus 16 for confidence by major manufacturers, an improvement from minus 21 in the February survey but worse than minus 12 as originally forecast by the bank.

The key index improved for five months in a row.



The survey also showed plant and equipment investment will rise for the first time in four years at major companies for fiscal 1995.

#### **Industrial Bank To Cut Long-Term Prime Rate**

OW1206051095 Tokyo KYODO in English  
0424 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The Industrial Bank of Japan (IBJ) will announce Monday [12 June] afternoon a cut of 0.5 percentage point to a record low of 3.1 percent in its long-term prime lending rate, effective Wednesday, industry sources said.

The step is in response to the recent drop in long-term interest rates partly stemming from the slowing economic recovery against the backdrop of the strong yen, they said.

The other long-term credit banks — the Long-Term Credit Bank of Japan and Nippon Credit Bank — are expected to follow suit, according to the sources.

The long-term prime rate, charged on loans of more than one year to the most creditworthy clients, is set 0.9 point higher than the coupon rate on five-year interest-bearing bank debentures, with which long-term credit banks raise their operating funds.

A coupon is usually changed when the difference between the ongoing coupon and the market yield on the latest month's bank debentures widens to 0.2 percent or more.

The may issue of IBJ debentures with a coupon of 2.7 percent traded at a yield around 2.15 percent Monday morning.

#### **Yasuda Wants 'Efficient,' Flexible Unified Bank**

OW0506113995 Tokyo KYODO in English  
1103 GMT 5 Jun 95

[FBIS Transcribed Text] Osaka, June 5 KYODO — The president of the Export-Import Bank of Japan said Monday [5 June] that a new bank to be created through the future unification of the Ex-Im Bank and the Overseas Economic Cooperation Fund should be efficient and flexible.

Hiroshi Yasuda told reporters efficiency and flexibility are features of the Ex-Im Bank.

Yasuda also said the new bank should have personnel and budgetary systems that can readily cope with rapid changes in international financing services.

He added that the Ex-Im Bank should maintain its sound management so as to raise funds under favorable terms, including those for the overseas issuance of bonds.

#### **Keidanren Head Calls for Key Interest Rate Cut**

OW1206114195 Tokyo KYODO in English  
0942 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The leader of a major economic organization called on the government Monday [12 June] to take all possible economic stimulus measures, including a further cut in the official discount rate.

Shoichiro Toyoda, chairman of the Federation of Economic Organizations (Keidanren), told a news conference he is concerned about a stalled economic recovery.

"A cut in the official discount rate and all other possible measures have to be taken to prop up the economy," he said.

The Bank of Japan has already brought down its key lending rate to an all-time low of 1.0 percent.

Referring to a gloomy quarterly economic survey released by the central bank last week, Toyoda said the present situation is more severe than has been reported.

He urged the Finance Ministry to tackle the problem involving cumulative bad debts held by financial institutions, including the use of public funds to rescue ailing ones, on the principle of "self-responsibility and self-help."

Toyoda, who is chairman of Japan's top automaker Toyota Motor Corp., expressed hope that the deadlocked automobile trade talks between Japan and the United States will be solved swiftly through government-to-government talks, rather than private-level negotiations.

He said he hopes the issue will be settled before a breakthrough is made in negotiations within the world trade organization.

#### **Takemura Suggests Use of Public Funds for Banks**

OW1206102595 Tokyo KYODO in English  
0908 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Finance Minister Masayoshi Takemura suggested Monday [12 June] the possibility of using public funds to bail out bankrupt financial institutions.

"The government is not considering it at present but it does not mean such a possibility has been ruled out," Takemura told a House of Representatives budget committee session.

Takemura said a decision on whether to use public funds for the rescue of failed financial institutions should be made after checking to see whether management personnel discharged their responsibilities properly and

if the rescue is vital to preserving the stability of the financial system.

The finance minister denied that the plunge of stock prices in Tokyo on Monday was attributable to a package of guidelines released by the ministry last week to restore public confidence in Japan's financial system.

He said the stock market slump has nothing to do with the package, which included conditional use of central bank loans and ways for commercial banks to expedite liquidation of nonperforming loans.

Traders said selling by many investors, discouraged by the package's contents, sent the key price indicator plunging below the 15,000 yen level to the lowest level in almost three years.

**Panel To Summon Ex-Ministers on Financial Scam**  
*OW1206062995 Tokyo KYODO in English*  
0549 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — A key committee of the House of Representatives formally decided Monday [12 June] to summon two former cabinet ministers to testify Saturday as sworn witnesses on a financial scandal, committee officials said.

Former Labor Minister Toshio Yamaguchi and former Defense Agency chief Keisuke Nakanishi will testify before the lower house Budget Committee just one day before the current Diet session ends Sunday.

The three ruling coalition parties — Prime Minister Tomiichi Murayama's Social Democratic Party, the Liberal Democratic Party and New Party Sakigake — decided to summon Yamaguchi and Nakanishi at the Budget Committee session, which was boycotted by the chief opposition party Shinshinto (New Frontier Party), the officials said.

Shinshinto boycotted the session in protest at the coalition's railroading through the lower house last Friday a resolution to commemorate the 50th anniversary of the end of World War II.

In March, Yamaguchi, a former senior member of Shinshinto, quit the party following the revelation of shady loans to companies run by his relatives from two since-failed credit unions — Tokyo Kyowa Credit Association and Anzen Credit Bank.

Yamaguchi has denied any wrongdoing.

The companies run by Yamaguchi's relatives borrowed some 6.5 billion yen directly from the two credit unions.

Nakanishi, a senior member of Shinshinto, resigned from the lower house last month to take the blame for

the arrest of his son for possessing hashish. He said his resignation had nothing to do with the financial scandal.

The LDP, the largest force in the three-party coalition, has called for summoning Nakanishi as a sworn witness in the Diet on his alleged close links with Harunori Takahashi, former head of Tokyo Kyowa.

Takahashi has said he bought 60 million yen worth of tickets for a fund-raising party for Nakanishi.

Prosecutors are investigating a number of possibly illegal loans allegedly extended by the two credit unions. Takahashi and former Anzen Credit Union head Shinsuke Suzuki have been accused of breach of trust by extending such loans, knowing they could not be repaid.

The Finance Ministry and the Bank of Japan drafted a bailout plan calling for the supply of public funds to a special bank set up to take over the operations of the two failed credit unions.

#### **Large Loans to Yamaguchi Relatives**

*OW1006094195 Tokyo KYODO in English*  
0924 GMT 10 Jun 95

[FBIS Transcribed Text] Tokyo, June 10 KYODO — Three companies run by relatives of former Labor Minister Toshio Yamaguchi have received 590 million yen in loans without collateral from a now-bankrupt credit union and passed the money on to another firm belonging to a Yamaguchi relative, sources familiar with the case said Saturday [10 June].

Yamaguchi, once a senior member of the main opposition party Shinshinto (New Frontier Party), quit the party following the revelations of shady loans to companies run by his relatives from the two credit unions.

The three concerns had obtained the loans by May 1991 from Anzen Credit Bank and then passed them to Kaiho Tsusho, a Tokyo consultant company run by Yamaguchi's brother, the sources said.

The extension of the loans was decided through talks between officials from Yamaguchi's side and Harunori Takahashi, then president of the now-defunct Tokyo Kyowa Credit Association, which is currently at the center of a scandal along with Anzen.

The money was divided and offered to the three companies before being passed on to Kaiho Tsusho, so that the amount of each loan would be kept relatively small, the sources said.

Anzen has been criticized for extending loans to Yamaguchi-related companies without sufficient collateral.

The business of Kaiho Tsusho is not clear, and its headquarters is actually being used as a warehouse. Yamaguchi's brother has been the company's president since June 1992.

The company is suspected of being used simply as a means of pooling money.

Around the time the 590 million yen in loans were extended, the company also borrowed 310 million yen from Anzen and 250 million yen from Tokyo Kyowa, without sufficient collateral.

Prosecutors are investigating a number of possibly illegal loans allegedly extended by the two credit unions. The former presidents of the two institutions have been accused of breach of trust for extending such loans, knowing they could not be repaid.

The Finance Ministry and the Bank of Japan drafted a bailout plan calling for an infusion of public funds to a special bank set up to take over operations of the two failed credit unions.

#### **Panel Urges Promotion of New Businesses**

*OW1206102095 Tokyo KYODO in English  
0757 GMT 12 Jun 95*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — A study panel in the ruling coalition will urge Japan to halt the hollowing-out of its industrial base by promoting the creation of new businesses, officials familiar with the panel said Monday [12 June].

Revealing the outline of a report to be released by the panel around June 20, the officials said the project team, set up by the coalition to consider how to foster new businesses, will stress that Japan should carry out structural changes in its economy to create a "creative" economic system.

The panel will note that in contrast to Japan's conventional economic system designed to "catch up" with the United States and Europe, the creative system will promote new businesses such as multimedia services, the officials said.

To realize the new system, the panel will call for tax, budget and other reforms so as to facilitate fund-raising by start-up companies, the officials said.

Among specific recommendations, the officials said the panel envisages opening the way for the registration of companies on the over-the-counter market some five years after the launch of operations.

The panel will also call for a financing system under which new firms can reduce reliance on bank loans and instead raise funds from general investors more easily, the officials said.

Concerns about the hollowing-out of Japan's industrial base are growing as the yen's steep appreciation is accelerating Japanese manufacturers' shift to overseas production.

#### **Panel Recommends Ways To Revive OTC Market**

*OW0906150695 Tokyo KYODO in English  
1426 GMT 9 Jun 95*

[FBIS Transcribed Text] Tokyo, June 9 KYODO — An experts group Friday [9 June] recommended the government to encourage listing of companies in the research and development field on the over-the-counter (OTC) market as a way of revitalizing it.

The recommendation came in an interim report on the issue of OTC market revitalization that was submitted to the Ministry of International Trade and Industry (MITI) by its working group of experts.

The group said in the report that the OTC market is an effective means of raising funds for up-and-coming companies, particularly those in the research and development (R and D) field.

The OTC listing rules should be expanded to allow listing of R and D type of companies whose research costs top 3 percent of total sales, it said.

It also said that the Finance Ministry and the Japan Securities Dealers Association should increase transparency of the screening process for companies to be listed on the OTC market.

Under the current system, brokerage houses act as a virtual examiner of business performances of companies applying for listing on the market.

MITI will work on the Finance Ministry and Securities Dealers' Association to realize the recommendations and is considering carrying out fact-finding studies on the market in about six months to make additional proposals, ministry officials said.

#### **Doyukai Head Urges Tokyo To Open Up Market**

*OW1106144795 Tokyo Asahi Newstar Television  
Network in Japanese 1715 GMT 6 Jan 95*

[News conference by Jiro Ushio and Tasuku Takagaki, respectively, chief representative and deputy representative of the Japan Association of Corporate Executives (Keizai Doyukai), in Tokyo on 6 June — recorded; from the "Flash Report: News Conferences" Program]

[FBIS Translated Excerpt] [passage omitted on topic of insurance for damage from natural disasters]

[Unidentified reporter] What is your view on the government thinking of providing public funds to bail out



private financial institutions like Tokyo Kyodo Bank which are about to go bankrupt?

[Ushio] I do not want to speak on any specific issues. But generally speaking, we must raise an important question here. In a free economy, should a financial institution in a major financial crisis be aided to it tide over the crisis or should it be left to handle the problem on its own? Should the government intervene and rescue it from crisis?

If institutions had rules to deal with such situations — and let's say if there was a rule stating deposits up to 10 million yen should be protected — then that rule should apply and be followed faithfully. Additional relief measures should come only after the involved institutions have done all they can under the principle of the free economy. I stress that rescue actions using public funds should come only after that. [passage omitted]

[Unidentified reporter] [Words indistinct] How do you think the Japan-U.S. auto dispute should be settled?

[Ushio] This matter is completely different from a lawsuit intended to get a court ruling on which party in the dispute is right or wrong. In this auto dispute, private industries and the governments of two countries are involved. The condition of the ongoing dispute is not one we can be happy about. The Japanese Government, industry, and private business organizations like ours must not give up making efforts to resolve this problem.

It may be worthwhile to think strategically with an eye on the opening of the Halifax summit or on the schedule of the World Trade Organization [WTO]. Japan has a long history of having resolved disputes with the United States — in extensive areas of commodities. Japan and the United States have the experience of having resolved their economic disputes by making concessions where they can. I think the two countries should overcome the problem this time once again through dialogue. If one asks me what kind of efforts Japan should make in this regard, I will say the basic way of doing it is for the private industries of the two countries to talk to each other.

There are only about 10 days left before the Halifax summit, but the private sectors of the two countries should do everything to talk to each other in the time left. If there is anything we, who are not members of the auto industry, can do in pushing the dialogue, we should do it, and thus promote understanding.

Last night, we met, dined, and John Brittan, vice president of the European Union [EU], (Perigo), chairman of the EU Industry Executives Union, and their party. In that meeting, I and Mr. Takagaki brought

up this question of the auto dispute. I was very happy to find Mr. (Perigo) an excellent executive. He said that since all the nations joined together to create the WTO, we should do everything to abide by the spirit of the WTO. He noted that the contributions of three — the EU, Japan, and the United States — were particularly great in creating it.

These people agreed it is wrong to use threats in such a forum, but added that the world body also wants the high barriers on Japan's closed market removed — through dialogue. One of them was a businessman who has exported apples for the more than 20 years. He said he has high hopes to sell his products to Japan now that the United States has started to sell its apples to Japan. He said he has sold apples to Singapore and ASEAN countries. The final target is Japan, he said. Well, I asked him to forget about it. [chuckle]

As far as the auto part issue is concerned — by the way, the two governments were reported to have held another meeting yesterday — Japan is doing its arguing in a different way from the United States. Now that Japan has decided on clear-cut action to counter the U.S. action to apply its 301 provision, Japan must make concrete efforts to open up its market, which the whole world thinks is closed. I believe the people of the private sector also need to discuss this among themselves so that the world's perception of the Japanese market as closed may change little by little.

This question about market openness was discussed in the meeting with the EU people yesterday as well. They said all nations have some kind of barriers, but Japan's barriers are higher in relative terms. My impression was that all the Europeans there thought that way. Not one disagreed with this view, and it looked to me that even the Japanese who were there appeared not to be willing to speak against it.

As far as this matter is concerned, as I said in the previous news conference, I feel the government should hurry up — moving up its schedule for doing so — in presenting a concrete idea on market liberalization, however difficult it may be to make that choice. That is all I have to say.

[Takagaki] My view on this question is not very different from Mr. Ushio's. If we look at domestic market conditions, we realize that we need to do something about the problem of the closed nature of the Japanese market and about the problem of prices being very high on the Japanese market when compared with other countries because of the market's closed nature. We realize we need strong and comprehensive measures to remedy these problems. We cannot overemphasize that point. But if someone asks me if the U.S. position

in negotiations — making threats, for instance — should be accepted as it is, as Mr. [name indistinct] said, I think it is necessary that they rethink it. [passage omitted]

[Unidentified reporter] What is your view on the economic condition [words indistinct]?

[Ushio] I think the government's view that the economy is on a trend of recovery is correct, based on past experiences. But policies to keep Japan in harmony with the international community have become very important. I think the expansion of imports and the reduction of commodity prices will continue for some time. And these will have very strong effects to contain the economy. In the past, the nation did not hesitate to reduce imports or employ more people as a way of raising its GNP. But at present such actions are almost impossible. There is now the grand premise that the country must adopt a policy of harmonizing with the international community — by increasing imports and lowering commodity prices. This premise has become particularly strong since the auto issue arose. I must say the economy is not easy. And I think that even if the economy is not easy, it is important for the nation to realize that it needs to stick by the policy of promoting understanding in and cooperation with the international community. [passage omitted]

#### Politicians Interviewed on Security Policy

OW1206113695

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese, at 1230 GMT on 26 May and at 1200 GMT on 28 May, carries a two-part "NHK Special" program entitled "Japan's Choice — National Security." Part One, broadcast on 26 May, is a 90-minute program subtitled "What is Japan's Role in the Post-Cold War Period?"

The moderator, freelance commentator Naoki Tanaka, starts the program by noting a redefinition of national security policy is Japan's urgent task in order to catch up with the post-Cold War world, and it will become an important choice to determine Japan's future course. The program consists of video reports on several subjects surrounding the main topic, followed by recorded interviews with three politicians — Koichi Kato, chairman of the Liberal Democratic Party [LDP] Policy Research Council; Ichiro Ozawa, secretary general of the New Frontier Party [Shinshinto]; and Kosuke Uehara, vice chairman of the Social Democratic Party of Japan [SDPJ].

In the opening of the recorded interview with Kato, former director general of the Defense Agency and the LDP's security policy specialist, he says: "Throughout the 50 years since the end of World War II, the Japanese

political scene has been dominated by keen antagonism on security affairs by the two major parties [the LDP and the SDPJ]. Under the Murayama administration, however, the two parties have begun to share a common view in this field. We have agreed to firmly maintain the Japan-U.S. Security Treaty. I think this is the right direction."

Ozawa, who has made several suggestions on the favorable direction of Japan's international role and security policies, says: "International peace should be maintained through the cooperation of all community members, and the United Nations should be defined as the core of international cooperation. As almost all countries in the world have membership in the United Nations, Japan should take its role within the framework."

Uehara, who has been coping with national security-related controversies as a representative from Okinawa, says: "As a country which attaches importance to disarmament and world peace, Japan may maintain limited self-defense capability in preparation for emergency situations. Taking this opportunity, Japan had better build up a new image, or posture, as a nation."

A video report is shown on major events in the world after the Cold War, including the U.S.-DRPK dispute over suspicion of North Korea's nuclear weapons development, and it introduces recent debates in Japanese political circles on Japan's roles in settling such international disputes. Moderator Tanaka asks two questions: What is the limitation of Japan's UN peacekeeping role, and can Japan use its collective self-defense rights by assisting U.S. operations in Asia?

Kato states: "In case of emergency, sanctions and other counteractions concerning disputing nations may be discussed even in Japan. My personal opinion is that Japan should cope with such situations strictly within the framework of the United Nations. If some actions should be taken in coordination with certain nations, the United States and the ROK for example, that would raise a hot controversy among the Japanese public. Specialists are brainstorming about what Japan can do in emergency situations, but this ultimately requires highly sensitive political judgments, and we have to quietly keep thinking of this issue." When asked about the final objective of recent dialog with the DPRK, Kato says: "We are trying to invite North Korea to the consultative forum of the international community, and I think it is greatly helpful to reduce uncertainty in East Asia. So, we have to take every opportunity to get North Korea together with the outside world. This is also important from the viewpoint of Japan's national security policy."

Ozawa says: "Japan must not take any part in the direct use of force unless it is conducted under the command of the United Nations. This principle must be strictly maintained, though I think logistical support operations may be considered more flexibly." Asked if Japan could assist U.S. forces if the United States takes some military action against North Korea, Ozawa says: "The Japan- U.S. Security Treaty has clauses on the U.S. use of Japanese defense facilities and other necessary procedures, and it is a matter of course that Japan must fulfill obligations of the treaty. On the other hand, the maintenance of peace is realized by eliminating disputes, and many disputes are caused by poverty. North Korea is reportedly suffering from a food shortage. If they have no meals for tomorrow, that may make people more aggressive and they may think of getting somebody else's food. In this sense, I think Japan can play more positive roles in civilian fields rather than in law- enforcement mechanisms. That would cost us much more, but I think Japan should contribute to the world that way."

Uehara states: "Joint operations with U.S. forces or participation in sea blockades are not allowed under the Constitution, and those were ruled out by the previous LDP administrations. Such operations should be avoided. I think Japan should not make commitments on possible military roles. Regarding logistical support and use of military facilities, the Japan-U.S. Security Treaty stipulates U.S. forces can use Japanese military and civilian facilities in case of emergency. However, I do not think that means the entire territory of Japan is provided as U.S. bases."

In concluding Part One, moderator Tanaka notes public demand for Japan's security policy is shifting from national defense under the Japan-U.S. alliance to contributing to the peace and stability of the world. Tanaka says Japan's future direction may differ depending on the emphasis of security policy — ties with the United States, regional security mechanisms, or the United Nations.

In connection with this, Kato says: "If Japan questions the significance of the Japan-U.S. Security Treaty, that would discourage U.S. policymakers. They would wonder why the United States maintains 100,000 troops in Asia without appreciation from Asia. I believe the Japan-U.S. alliance cannot be maintained unless Japan declares the necessity of the security treaty." In response to a question of whether the United States clearly intends to maintain its presence in Asia or not, Kato says: "I think so. I believe the Clinton administration has U.S. strategies for the coming two decades. The United States intends to maintain bilateral relations with Japan, the ROK, and other Asian nations based on

its determination to keep its influence on Asia. Japan should welcome the U.S. strategy, which brings about stability in the region. I think Asia would become instable without the U.S. presence. Japan, the United States, and China will remain as key players in Asia."

Ozawa says: "I do not want mechanisms which assign military roles to members of the Asian community. Law enforcement functions in the international community should be limited to those under the United Nations. If all disputes were to be settled within the region, the egoism of each nation would make things even worse. We need to concentrate dispute-settling functions under the world's consensus, even if those are imperfect. Some people say the Japan- U.S. Security Treaty is no longer necessary after the conclusion of the Cold War, but I think the bilateral security ties define and symbolize Japan-U.S. cooperative relations in economic and other fields, rather than only a military alliance. During the Cold War period, the liberalist nations were united regardless of the presence of the bilateral treaty. In this sense, the treaty will be necessary from now on as the symbol of cooperative relations between Japan and the United States. U.S. moves to review the security ties are welcomed as long as the United States is seeking revitalization of the bilateral ties, but I am little worried about the fact that more than a few people are questioning the significance of the burden borne by the United States." Asked what is Japan's security role in Asia, Ozawa says: "I believe no nation, including the United States, expects Japan to bear larger political or military roles. So, there is absolutely no necessity for Japan to think about that. What we have to consider is, in this sense, how we can make a larger contribution to improve livelihood of developing nations. Of course, we must comply with the international community's demand for our participation in international operations for law enforcement, but I do not think that is Japan's primary role."

Uehara says: "The Japan-U.S. security alliance was originally intended for the former Soviet Union and other communist nations. Now that the world is seeking a new order and 50 years have passed since World War II, the security ties should be reviewed to catch up with the trend." Uehara says the review of the security treaty should focus on the reduction of U.S. bases on Okinawa.

Part Two, broadcast on 28 May, is also a 90-minute program, subtitled "Where Are Self-Defense Forces [SDF] Heading?" This part focuses on moves toward SDF reorganization triggered by the end of the Cold War and the increasing demand for Japan's international role.



On the SDF scale down under study, Kato said: "I think defense expenditures may go up and down from time to time depending on the surrounding situation. In this connection, it is often discussed whether the Ground Self Defense Forces [GSDF] really need to maintain their present strength. My opinion is the size of the GSDF may be reduced."

Ozawa says: "During the Cold War, the SDF was considered a part of the Western forces confronting the Eastern Bloc. Now that the framework no longer exists, drastic changes may occur in the equipment and organization of the SDF."

Uehara says: "The SDF has been growing, pushed by the Soviet threat and the considerable demands from the United States. Now Japan has very large defense capability — nearly 100 P-3C's to patrol its 1,000-nautical-mile sea lanes, and Aegis ships are commissioned in four fleets. And this should be called war capability prohibited by the Constitution. As long as Japan maintains its exclusively defensive posture, excessive parts should be gradually reduced."

With respect to the SDF's role in UN missions, Kato says: "What we have to do is make contributions to UN peacekeeping operations and other peace efforts within the framework of the Japanese Constitution. Even under today's Constitution, Japan can play various roles, and I think Japan has so far showed only about 30-40 percent of its ability. I think the SDF's participation in the UN forces is tolerable under the Japanese Constitution."

Ozawa says: "There should be a clear distinction in duties between units for UN peace operations and those for national defense. The SDF should have the minimum defense capability to defend the nation until UN forces arrive, and an armed organization exclusively for the United Nations should be established separately from the SDF. The Japanese Constitution is very close to the UN Charter. In the preamble, we advocate world peace under international cooperation, and we commit our best effort in the framework so that we can occupy a honored place in the community. On the other hand, Article 9 of the Constitution rules out use of force as a sovereign right of the nation. So, Japan must not use force at its own discretion, and I think the philosophy of Article 9 should be maintained. World peace should be maintained by cooperation of all nations, and the United Nations should become the core mechanism."

Uehara says: "Japan has joined UN missions in Cambodia and other nations, and we were warmly received by concerned nations and the international community....But Japan should lay more emphasis on contribution to nonmilitary fields, such as rescue operations and aid to refugees and disaster-hit areas."

In reply to the closing question asking the definition of security, Kato says: "The most important objective for politicians is to enrich people, and, more basically, to protect their lives. We should not let people die in fighting, but at the same time, we must avoid invasion by any foreign country. I think the two conflicting requirements are very important themes. I feel the great difficulty of facing these themes. Some people say the SDF should be dispatched overseas more frequently, but politicians should consider if they can send their own children on the missions."

Ozawa says: "A Politicians' role is to maintain peace to protect the lives and livelihood of the people. Japan's peace and prosperity is maintained under world peace. So I believe harmony with the world is an absolute prerequisite for Japan's survival. The world is seeking elimination of the poverty and wars, and Japan should play a larger role and bear heavier burdens to achieve these goals. I think this is the primary precondition for Japan's own security."

Uehara says: "The most important point concerning security affairs is that Japan must not become a military superpower ever again. At the same time, I felt in meetings with SDF officers that they should not bring into the SDF the mentality of the former Imperial Army. They must be aware that the SDF are ruled by the postwar Constitution and they must win public trust. Japan's security policies will become more trustworthy for the public and the international community when such military philosophy is removed from the SDF."

#### **Keidanren Asks DA Ease Arms Export Principles**

OW0806135695 Tokyo MAINICHI SHIMBUN  
in Japanese 3 Jun 95 Evening Edition p 1

[FBIS Translated Text] The defense industry has started to demand that "arms exports should be allowed." The Defense Industry Committee of the Keidanren [Federation of Economic Organizations of Japan] called on Director-General Tokuichiro Tamazawa of the Defense Agency [DA] for the first time to ease the three principles on arms export in mid-May. The Japan Ordnance Association also suggests that "it will be all right to approve arms exports limited only to the United States." It has been 50 years since World War II ended. What is the objective in calling for easing the three principles on arms exports as debates on the past war and the constitution have become heated? We looked into the real motives of the defense industry.

In the Keidanren's petition calling for easing the government stance on prohibiting arms exports, it cites "improving the conditions for international cooperation" as one of the reasons. This indicates the Keidanren's aim



to correct the current situation, where even the export of parts such as liquid crystal display for fighters is prohibited, in order to promote joint development and production of arms with foreign nations. A private advisory council to the prime minister, the Defense Issues Forum (led by Hirotaro Higuchi, chairman of Asahi Breweries) last August suggested the need to open the way for the joint development and production of arms. The industrial sector worked out its opinion based on the council's suggestion.

Behind this is industry's impatience with the ongoing realignment of the defense industry toward a new framework. Makoto Ike, secretary general of the Keidanren's Defense Industry Committee, explains that: "The defense industry has been severely affected by disarmament. The Western nations are promoting large-scale integration and reorganization. In Europe, there are moves toward strengthening cooperation not only within the region but also with the United States. There is no way for the Japanese defense industry to survive without cooperation with the international community."

The sophistication of weapons is astounding. For example, the power of the high-tech arms used by the U.S. forces in the Gulf war surprised the world. The development of high-tech arms will sharply increase cost and also increase the risk.

The declining defense industries of the world have been paying much attention to a project — the "Theater Missile Defense (TMD)" concept. Research and development is underway on this project, aiming at deployment in the beginning of the 21st century. MITI Doubtful about Winning Public Support for the Project [Subhead]

Following the U.S. proposal for a defense system to use interceptor missiles to strike down ballistic missiles, Europe has started to jointly develop the "MEADS" intermediate-range ballistic missile with the United States since last February. This project is very attractive to the Japanese defense industry, which has advanced technology that can be used for the development of arms.

However, since the United States and European nations are cooperating, there is little room for Japan to join the project. There is little hope for Japan since it is strongly voiced in the United States that "production under license which may lead to a drain of technology should not be allowed." An indication of the real motive of Japan's defense industry is this remark by a defense source: "Right now, the United States is calling for Japan's cooperation at the research stage. If we fail to be involved now, we will be excluded from the project."

Some think that this is good timing while the Social Democratic Party of Japan is in the ruling camp.

While the defense industry is calling for easing the principles on prohibiting arms export, the Defense Agency and the Ministry of International Trade and Industry [MITI], which is in charge of export control, take a negative stance. The DA says that "the decision to deploy the TMD has not been made," and MITI says "It is difficult to change the current system. We doubt whether the public will support this."

Supporting the policy of easing the principles on prohibiting arms export, Director Seiki Nishihiro of the Research Institute for Peace and Security, who once served as DA vice minister gives his candid advice to the defense industry, saying: "Japan's defense industry also needs large-scale integration and reorganization. In particular, aircraft production divisions, which are founded in five or six companies, should be combined into one."

#### Nonpartisan Discussion of Defense Outline Urged

OW1206032295 Tokyo YOMIURI SHIMBUN  
in Japanese 10 Jun 95 Morning Edition p 3

[Editorial: "Hold Discussions on the Defense Outline Free of Party Interests"]

[FBIS Translated Text] Revising the "Defense Plan Outline," which provides the guideline for the plan on building up the nation's defense capabilities, has started at the government Security Council.

The current outline was formulated almost 20 years ago. In the meantime, the U.S.-USSR Cold War structure of confrontation has collapsed and Japan's international position has grown conspicuously strong. The work of formulating a new outline is being performed to set the course for building this country's new basic defense capabilities — with such changes in perspective and with the 21st century in sight.

What is important to realize is that with the end of the Cold War, the possibility of a global war has become slim, but the possibilities of various kinds of crisis and dangers breaking out have grown instead.

There are now so many elements of international instability surrounding this country — like frequent regional conflicts caused by religious and ethnic issues, tensions on the Korean peninsula as represented in the suspected nuclear development by the DPRK (North Korea), and territorial issues such as those over the Spratly Islands.

The capabilities and the system to deal with large-scale disasters and terrorist acts are needed even within

the country as seen in the Hanshin earthquake and the subway sarin nerve gas attack.

On the other hand, we cannot ignore the fact that there are major limitations to what the nation can do in securing manpower for the Self-Defense Forces [SDF] or in increasing defense spending now when the population of the nation's youth is in a long decreasing trend and government finances are in a difficult condition.

The Defense Agency [DA] cites the following as basic areas to consider in systematic reform of the SDF and to include in the new outline: 1) a cut in the authorized number of SDF personnel; the revision of the current plan based on the idea of giving priority to the northern areas in troop deployment; and downsizing the overall organization, including combat units, while retaining effectiveness; 2) qualitative improvement of equipment and supplies by putting more advanced technology into them; and improvement of information and command communications functions; and 3) improvement in manpower flexibility by adopting a system of reserve SDF personnel who can be called into duty readily.

The DA says it wants to "have a multilateral defense system to cope with various crisis and danger situations." We can understand that.

A point we must not forget is that the axis of the nation's security remains the Japan-U.S. Security Treaty.

In the recently issued "Report on East Asia Strategy," the United States stressed the importance of Japan-U.S. security cooperation in the Asia Pacific region by noting that it will maintain its military forces in the region into the 21st century.

To respond to U.S. expectations in this respect, it is only natural that Japan should think about ensuring smooth operation of the Japan-U.S. security system in formulating the new outline.

Another important point is participation in UN peace-keeping operations (PKO), which has become an important area where Japan can fulfill its international responsibilities.

Reviewing the organization and equipment to enable the SDF's active participation in PKO — for instance, the improvement of transport planes, supply vessels, and logistic equipment for PKO troops — needs to be studied.

Since the Security Council is supposed to be headed by the prime minister and to include the foreign minister, finance minister, defense chief, and other related ministers as its members, the Murayama Cabinet's council will include all the heads of the three ruling parties.

What concerns us is the possibility that differences of views may arise from the three parties' different ideals or policies, thus making the outline's formulation very difficult.

If only to avoid such a situation, we hope that the cabinet ministers concerned will depart from immediate partisan interests and gains, and will discuss calmly and objectively "what Japan will need to have to defend itself in the future."

#### **Problems Involving Information Network Viewed**

*OW1206035295 Tokyo ASAHI SHIMBUN  
in Japanese 10 Jun 95 Morning Edition p 5*

[Editorial: "What Prevents the Information Network From Growing?"]

[FBIS Translated Text] It is said that from the global viewpoint, the information network will become a key player in the next-generation economy. Then, what about the present situation of Japan's information network? Clues to grasping the real picture of Japan's information network have recently come to light, one after another.

They are the "Communications White Paper" issued by the Ministry of Posts and Telecommunications [MPT] and the "Report on Administrative Inspection on Telecommunications Business" released by the Management and Coordination Agency. The incomplete competition caused by administrative regulations and the oligopolistic domination structure built by Nippon Telegraph and Telephone Corporation (NTT) have kept the Japanese information network from further growing and becoming efficient. As a result, Japan is falling behind the United States in the information world.

It is an urgent task for Japan to boldly foster new industries centering on the information network at a time when a hollowing out of Japan's manufacturing industry is widely feared. This year, the government began to study the issues of splitting NTT and creating a new communications charge system. We hope that both government and business will realize that they are at a crucial stage and to work to bring to this sector real competition, which is the basis for development.

In 1985, NTT was privatized and new telecommunications companies have since been founded.

Issued at this crucial time, the Communications White Paper points out that domestic, international, cellular, and car telephone charges have been cut 55-72 percent following their liberalization and consumers have paid 3.15 trillion yen less in telephone charges for nine years to 1993 thanks to the cuts in domestic telephone charges alone.

The growth of production amount and the improvement of productivity in the telecommunications industry have been far higher than other industries. It is certain that liberalization has brought profit to the industry.

It is also certain that Japan's information network lags behind that of the United States, an industrialized nation that has pursued liberalization. By comparison, the per capita possession of communications apparatus in the United States is nearly twice that in Japan. The business possession of communications apparatus in the United States has increased far faster than in Japan.

The information network industry has dramatically grown in the United States and the fierce competition following the split of American Telephone and Telegraph Company (AT&T) is said to have led to dramatic growth in the industry. Both Japan and the United States liberalized their telecommunications business at about the same time. Why then has this great disparity between the two countries occurred?

The major reason is that the giant NTT cornered the domestic market, thereby making it impossible for telephone companies to fully compete against each other. The administrative inspections report substantiates this.

NTT is a giant company whose business earnings account for nearly 80 percent of the business earnings of 86 telephone and telegraph companies. NTT virtually monopolizes urban communications networks across the country. Under the present situation, NTT ought to allow other telephone companies to use its telephone circuits.

According to the administrative inspection report, NTT, taking advantage of its dominant status and information about subscribers that only it has, has enjoyed a lucrative business and imposed conditions for small telephone companies to compete with it. New telephone companies have asked NTT to allow them to use its urban telephone circuits for connection, but NTT has balked at negotiating with them. The new telephone companies have only spent many months negotiating with NTT.

The administrative inspection report points out that the lack of thorough competition has delayed the introduction of a variety of discount telephone services, which have already developed in the United States. We would like to urge the MPT, responsible for overseeing the telephone business, to ask NTT to work harder to streamline itself, compete fairly with other telephone companies by disclosing its information, review its current telephone charge system, and promote service diversification.

NTT is, of course, a private company. NTT should work to resolve the above issues before it receives administrative guidance from the MPT.

Japan's information network industry lags behind other industrial nations largely because of the structural distortion that lets NTT corner the market. How this should be redressed is the most important task.

#### **Asian Understanding of 'No-War' Motion Discussed**

*OW1206095595 Tokyo KYODO in English  
0851 GMT 12 Jun 95*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Prime Minister Tomiichi Murayama expressed hope Monday [12 June] that Japan's Asian neighbors will "properly understand" the significance of a parliamentary resolution marking the 50th anniversary of the end of World War II.

"It clearly states we committed actions of our own accord. I expect China, South Korea and other countries to understand it if we explain to them in detail," Murayama told reporters.

The governing coalition pushed the "no-war" resolution through the House of Representatives last Friday in the absence of the main opposition Shinshinto (New Frontier Party).

Murayama also said he will seize every opportunity to make clear that Japan is determined to open a new vision for the future based on deep repentance for its acts of aggression and colonial rule before and during the war.

#### **Coalition Chiefs Say Most Aims Achieved**

*OW1206040095 Tokyo KYODO in English  
0308 GMT 12 Jun 95*

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Leaders of the three ruling coalition parties Monday [12 June] shared the view that they have achieved most of the policy goals they set before the start of the government of Prime Minister Tomiichi Murayama a year ago.

The three men — Murayama, Foreign Minister Yohei Kono and Finance Minister Masayoshi Takemura — reached the conclusion in a meeting at the premier's official residence, Chief Cabinet Secretary Kozo Igarashi told reporters.

Murayama, Kono and Takemura, who respectively head the Social Democratic Party, the Liberal Democratic Party and new party Sakigake, also reaffirmed the need for a new policy agreement for the next one year, Igarashi said.



When the three parties formed a coalition last June, they agreed to pursue such policy goals as sweeping tax system reform and passage through the Diet of a resolution commemorating the 50th anniversary of the end of World War II.

The three leaders did not talk about when a new policy accord should be compiled, Igarashi said.

#### **House Secretariat Translates No-War Resolution**

*OW0906134395 Tokyo KYODO in English  
1313 GMT 9 Jun 95*

[FBIS Transcribed Text] Tokyo, June 9 KYODO — The following is the full text of an unofficial translation by the Secretariat of the House of Representatives of the Diet resolution to commemorate the end of World War II, which was adopted by the lower house Friday [9 June].

The House of Representatives resolves as follows:

On the occasion of the 50th anniversary of the end of World War II, this house offers its sincere condolences to those who fell in action and victims of wars and similar actions all over the world.

Solemnly reflecting upon many instances of colonial rule and acts of aggression in the modern history of the world, and recognizing that Japan carried out those acts in the past, inflicting pain and suffering upon the peoples of other countries, especially in Asia, the members of this house express a sense of deep remorse.

We must transcend the differences over historical views of the past war and learn humbly the lessons of history so as to build a peaceful international society.

This house expresses its resolve, under the banner of eternal peace enshrined in the Constitution of Japan, to join hands with other nations of the world and to pave the way to a future that allows all human beings to live together.

#### **Hata Criticizes Failure on No-War Resolution**

*OW10061331 Tokyo KYODO in English  
1301 GMT 10 Jun 95*

[FBIS Transcribed Text] Niigata, Japan, June 10 KYODO — Tutomu Hata, deputy chief of the largest opposition party Shinshinto (New Frontier Party), blasting the ruling coalition's passage of a no-war resolution, said Saturday [10 June] he has no confidence in Prime Minister Tomiichi Murayama's cabinet.

At a news conference in Kurokawa, Niigata Prefecture, the former prime minister signaled readiness to support a no-confidence motion against the Murayama govern-

ment if the Shinshinto leadership reaches a consensus on the matter.

The ruling coalition of Murayama's Social Democratic Party [Social Democratic Party of Japan], the Liberal Democratic Party and New Party Sakigake [Harbinger] forced the resolution through the House of Representatives on Friday night.

Shinshinto lawmakers boycotted the session.

In a speech in Mooka, Tochigi Prefecture, Shinshinto leader Toshiki Kaifu said his party would pass judgment on the Murayama administration by taking various issues into consideration.

Kaifu, also a former premier, denounced the passage of the no-war resolution with less than half of 511 lower house members voting for the measure.

#### **University President on War Responsibility**

*OW1006113295 Tokyo KYODO in English  
1110 GMT 10 Jun 95*

[FBIS Transcribed Text] Tokyo, June 10 KYODO — The president of Tokyo's Meiji Gakuin University, commemorating the 50th anniversary of the end of World War II, apologized Saturday [10 June] to Koreans, Chinese and other people abroad for the university's role in the war.

In a speech before some 500 students and graduates in the chapel of the university known for education based on Christianity, Hiromasa Nakayama also apologized to the university's past students who went to war.

It is rare for the head of a Japanese university to publicly confess the university's responsibility in the war.

Nakayama, 57, said a former president of the university during the war was positive about visiting Yasukuni Shrine in central Tokyo, which enshrines the country's military war dead, and in displaying a sanctified photograph of the emperor in the university.

"There is no denying it (the university) was involved in the state crime (of war)," the president said.

"I apologize to Koreans, Chinese and other peoples abroad" he said. "I, as a teacher, feel deep grief in thinking about students who went to war."

Nakayama also said university leaders should have expressed remorse and at least should have made apology when Japan lost the war.

Even after the war, university officials have committed "the sin of worshiping the souls of the military dead in the war of aggression," he said.



The president also criticized Japan for dispatching troops abroad under the name of international cooperation by joining in the peacekeeping activities of the United Nations. The idea of patriotic martyrdom has again become popular in Japan, he said.

Mai Kurumura, a 20-year-old junior, said she thought the speech was substantive and she felt proud of it.

After the speech, the university held a symposium on the war, including South Korean and Taiwanese panelists who once studied there.

#### **Igarashi: Government Sure of Achievements**

OW1206095095 Tokyo KYODO in English  
0824 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The cabinet of Prime Minister Tomiichi Murayama does not deserve to have an opposition motion of no-confidence brought against it because it has achieved as many policy goals as any cabinet, a government spokesman said Monday [12 June].

"I believe we can proudly tell the public about our accomplishments in every aspect," Chief Cabinet Secretary Kozo Igarashi told a news conference.

"Therefore, we wish to respond to any development with such confidence," he said, regarding the main opposition Shinshinto's plan to submit a no-confidence motion against the Murayama cabinet as early as Tuesday.

The current coalition government consists of Murayama's Social Democratic Party, the Liberal Democratic Party and New Party Sakigake. It has combined seats of 293 in the House of Representatives, compared with Shinshinto's 171.

Leaders of the ruling parties said earlier in the day that the ruling bloc will reject the no-confidence motion that Shinshinto is poised to submit, officials said.

#### **Shinshinto To Submit No-Confidence Motion**

OW1206025795 Tokyo KYODO in English  
0225 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — The largest opposition Shinshinto (New Frontier Party) decided Monday [12 June] to submit no-confidence motions against the speaker and the vice speaker of the House of Representatives for allowing the ruling coalition to ram a "no-war" resolution through the lower house Friday.

Executives of the party made the decision, party officials said.

Along with no-confidence motions against lower house Speaker Takako Doi and Vice Speaker Hyosuke Kuji-

raoka, the party will also submit a motion demanding that Shozaburo Nakamura be dismissed as chairman of the lower house steering committee for the forcible passage of the resolution marking the 50th anniversary the end of World War II.

Shinshinto plans to present the motions as early as Tuesday in protest against what it calls "the violent act that violated democratic rules."

On Friday, the ruling coalition bulldozed the resolution through a lower house plenary session in the absence of Shinshinto after rejecting Shinshinto's demands for wording changes to the resolution.

The resolution was approved by a standing vote in the half-empty lower house chamber.

Shinshinto also decided to entrust party chief Toshiki Kaifu and Secretary General Ichiro Ozawa with full power with regard to whether or not it will submit a no-confidence motion against the cabinet of Prime Minister Tomiichi Murayama, the officials said.

Kaifu, a former prime minister, said Sunday his party is seriously considering submitting such a motion.

Speaking on a private television program, Kaifu said, "without doubt, we are considering it seriously."

"If asked whether this cabinet can carry out the reforms necessary for the public, I would say it is not a cabinet in which we can have confidence," he said.

He said the party will decide on a no-confidence motion after "judging from an overall point of view."

#### **Further on NFP's No-Confidence Motion**

OW1206101095 Tokyo KYODO in English  
0951 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Japan's largest opposition party Shinshinto (New Frontier Party [NFP]) submitted a no-confidence motion Monday [12 June] against the one-year-old tripartite cabinet of Prime Minister Tomiichi Murayama.

If the House of Representatives approves the motion, Murayama has to either resign en masse with his entire cabinet or dissolve the lower house for a snap general election.

The presentation of the motion followed a press conference in Sendai, northeastern Japan, in which Shinshinto head Toshiki Kaifu, a former prime minister, pledged to submit it.

In a meeting of executive Shinshinto members in the morning, Ttutomu Hata, the party's vice leader who has also served as premier, said Shinshinto should

propose a no-confidence motion against the three-party cabinet headed by Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] head Murayama, party sources said.

The sources quoted Hata as saying Shinshinto's *raison d'être* will be questioned unless it submits the motion.

Hata resigned as prime minister last June en masse with his two-month-old cabinet after a no-confidence motion against him was submitted, surrendering power to the current coalition government of the SDP, the Liberal Democratic Party (LDP) and New Party Sakigake.

The meeting left a decision on whether the party would present a no-confidence motion against Murayama, up to Kaifu and Shinshinto Secretary General Ichiro Ozawa, they said.

Tensions between the ruling and opposition camps have intensified recently — a time just before Murayama leaves Wednesday for the summit meeting in Halifax, Canada, of the Group of Seven industrialized nations, and the current Diet session ends June 18.

Earlier Monday, Shinshinto submitted a no-confidence motion against the speaker and vice speaker of the House of Representatives for ramming a "no-war" resolution through the lower house last Friday.

Along with the no-confidence motion against lower house Speaker Takako Doi and Vice Speaker Hyosuke Kujiraoka, the party also presented a motion demanding the dismissal of Shozaburo Nakamura, chairman of the lower house steering committee, for the forcible passage of the resolution marking the 50th anniversary of the end of World War II.

Shinshinto has said they are responsible for allowing the ruling coalition to bulldoze the resolution through the lower house in what it calls "a violent act that violated democratic rules."

In a related development, the lower house steering committee decided to process a series of non-confidence motions at the plenary session of the House of Representatives on Tuesday afternoon.

On Friday, the ruling coalition railroaded the resolution through a lower house plenary session in the absence of Shinshinto after rejecting Shinshinto's demands for changes in the resolution.

The resolution was approved by a standing vote in the half-empty lower house chamber.

Questioned about Shinshinto's submission of a motion censuring his cabinet, Murayama replied he will decide how to respond to the opposition challenge "in any way."

But the prime minister, speaking to reporters at his official residence, gave no hint of whether he will seek to reject the resolution in the Diet or whether he will dissolve the lower house for a general election.

Some legislators are demanding that the premier dissolve the lower house on the ground that Shinshinto has yet to fully develop a plan for an early general poll.

However, the premier is unlikely to dissolve the lower chamber because his SDP has also not made sufficient preparations for an early election.

#### Coalition Agrees To Dismiss Censure Motions

OW1206145995 Tokyo KYODO in English  
1450 GMT 12 Jun 95

[FBIS Transcribed Text] Tokyo, June 12 KYODO — Japan's largest opposition party Shinshinto (New Frontier Party) submitted a no-confidence motion against the cabinet of Prime Minister Tomiichi Murayama on Monday [12 June], criticizing his one-year-old, three-party coalition as an "unprincipled alliance."

Shinshinto said Murayama has brought about public distrust of Japanese politics and his cabinet is the worst in the post-World War II era because it has failed to implement effective economic measures.

The House of Representatives is scheduled to vote the motion at a plenary session Tuesday afternoon.

It is unlikely the motion will succeed because Shinshinto does not have a majority in the lower house, even if they combine with members of another opposition party, the Japanese Communist Party, which says it will support the motion, political pundits said.

The three coalition parties — the Liberal Democratic Party (LDP), Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] and New Party Sakigake [Harbinger] — currently command a comfortable majority in the 511-seat lower chamber.

The motion would force Murayama either to resign with his entire cabinet or dissolve the lower house for a snap general election, should the lower house approve the motion.

Shinshinto tabled the motion with only six days left before the current session of parliament expires June 18, after it was angered by the coalition's unilateral passing of the no-war resolution last week and of its one-sided decision to summon two former senior members of Shinshinto over a financial scandal involving two failed bankrupt credit unions.

Tension between the ruling and opposition camps has intensified ahead of Murayama's leaving Wednesday for

the summit in Halifax, Canada, of the Group of Seven industrialized nations, and the end of the current Diet session June 18.

Questioned about Shinshinto's submission of a motion censuring his cabinet, Murayama only said he will decide how to respond to the opposition challenge "in any way."

Some officials in the ruling camp, especially those in the LDP, are eager for lower house dissolution and a general election, seizing the opportunity of the opposition's no-confidence proposal.

They are demanding that the premier dissolve the lower house on the grounds that Shinshinto has yet to fully develop a plan for an early general poll.

The lower house plenary session Tuesday is also expected to dismiss no-confidence motions against House of Representatives speaker Takako Doi and vice speaker Hyosuke Kujiraoka, as well as a motion demanding the dismissal of steering committee chairman Shozaburo Nakamura.

The no-confidence proposals against the Diet leaders followed the ruling camp's forcible passage Friday of a resolution marking the 50th anniversary of the end of World War II.

Shinshinto said the resolution was bulldozed through the lower house in what the main opposition party calls a violent act that violated democratic rules.

On Friday, the ruling coalition railroaded the resolution through a lower house plenary session in the absence of Shinshinto members after rejecting Shinshinto's demands for changes to the resolution.

Executive members of the steering committee met Monday evening and decided to have the plenary session vote at 1 p.m. Tuesday on the Shinshinto motions with signed ballots.

Both the coalition government and the three ruling parties have decided to dismiss the motions at the session.

In the House of Councillors, Heisei Kai, an opposition parliamentary bloc consisting of members of Shinshinto and the Komei Party, proposed a motion Monday condemning Murayama for his competence to govern.

The upper house is likely to vote on the proposal Wednesday morning, Diet sources said. Only the lower house has the power to pass a no-confidence motion against the prime minister.

In a related movement, Shinshinto presented a motion Monday demanding the dismissal of the lower house's budget committee chairman, Kanju Sato, in protest at

the panel's decision to summon two former cabinet ministers to testify Saturday as sworn witnesses on a financial scandal.

The ruling camp decided to summon former Labor Minister Toshio Yamaguchi and former Defense Agency Chief Keisuke Nakanishi at Monday's budget committee session, which was boycotted by Shinshinto. Both Yamaguchi and Nakanishi were former senior members of the party.

Panel sources quoted Sato as saying he will call a meeting of the panel's executive members Tuesday to discuss how to deal with the motion.

#### **Cabinet Resuffle, Muraya's Fate Discussed** 95P30103A

[FBIS Media Note] *Recent Japanese media reporting has speculated that Prime Minister Tomiichi Murayama is likely to reshuffle his cabinet in the next few months, possibly before the 23 July upper house election. Media reporting has also downplayed the chances for a lower house election in the short term because it could result in a major political setback for both coalition and opposition politicians.*

According to the 18 May SHUKAN BUNSHUN, Murayama may soon reshuffle his 11-month-old cabinet in order to placate a number of politicians in the ruling coalition. A 22 May MAINICHI SHIMBUN (MAINICHI) article reported that Murayama will probably carry out a reshuffle after the mid-June G-7 summit in Halifax. According to MAINICHI, while Chief Cabinet Secretary Kozo Igarashi (Social Democratic Party of Japan: SDPJ), Finance Minister Masayoshi Takemura (Sakigake), and Foreign Minister Yohei Kono (LDP) have all publicly denied that a reshuffle will occur before the upper house elections, they have nevertheless been reported as eager to leave their posts so that they can focus on party affairs and prepare the way for their own candidacies for the prime minister's job.

By contrast, the 21 May NIHON KEIZAI SHIMBUN (NIKKEI) reported that Murayama has not yet made a final decision on reshuffling the cabinet. In early May, he reportedly ruled out a reshuffle but has now decided to consider it seriously after the current Diet session ends on 18 June. According to NIKKEI, Murayama thinks he can use any reshuffle to strengthen his power base.

#### **Support for Lower House Election Lacking**

The 22 May MAINICHI article on the prospects for a cabinet reshuffle also asserted that prevailing political sentiment among ruling coalition politicians is against



a lower house election in the short term. Articles in several prominent journals, including the May issue of VOICE, have also reflected this sentiment. Moreover, a number of prominent political observers including author of many books Masaya Ito, have stated that even if Murayama wished to hold a general election — which he reportedly does not — political forces aligned with him would oppose it.

Among the reasons for these sentiments, according to Ito's article in VOICE, are the following:

While the LDP is confident that it would emerge from an election with the most seats of any political party, it is concerned that its coalition partner, the Social Democratic Party of Japan (SDPJ), would suffer heavy losses that could mean the loss of control of the Diet;

The SDPJ itself, as demonstrated at its 27 May convention, is badly divided over issues including the constitutional standing of Japan's Self Defense Forces. Most recently, chairman Sadao Yamahana and six others defected from the party and formed a new Diet group, "Minshu-no-kai" (Democratic Society), according to the 29 May YOMIURI SHIMBUN.

Sakigake Party chairman and Finance Minister Take-mura opposes an election because he believes it would lead to Foreign Minister Kono succeeding Murayama.

#### **Calls for Murayama's Resignation**

According to the March issue of SENTAKU, among the politicians who are calling for Murayama's resignation are former Prime Minister Yasuhiro Nakasone and former Foreign Minister Michio Watanabe. They are demanding that Murayama to step down in order to take responsibility for the alleged mishandling of crisis management and economic policy.

In addition, according to the 18 May issue of SHUKAN BUNSHUN, influential younger LDP members, including former Defense Agency Minister Taku Yamasaki, former Chief Cabinet Secretary Koichi Kato, former Post and Telecommunication Minister Junichiro Koizumi, and Takashi Nagano, president of the Japan Federation of Employers Association (Nikkeiren), as well as Toyota Corporation Chairman and Japan Federation of Economic Organizations (Keidanren) chairman Shoichiro Toyoda, have also called for the prime minister's resignation. The reason they are reportedly citing is the need for strong leadership to stabilize Japan's economy.

#### **Murayama's Public Support, Political Prospects**

According to the Japanese press, public support for Prime Minister is declining. The 18 May Yomiuri

reported that a poll taken on 14 May showed that Murayama's popularity had dropped to 33.6 percent. Another poll, reported by the KYODO News Agency on 7 June, put his approval rating at only 25 percent.

Despite these figures, a number of Japanese political kingpins reportedly hope that Murayama can hold on to power at least for the short term. According to an article by commentator Shigezo Hayasaka in the March issue of VOICE, a number of these politicians, including the New Frontier Party's Secretary General Ichiro Ozawa, LDP Vice President Keizo Obuchi, MITI Minister Ryutaro Hashimoto, and LDP Policy and Research Committee chairman Koichi Kato, want Murayama to stay on at least until the September LDP party presidential election and have tacitly agreed to support him for the time being.

### **North Korea**

#### **Nuclear Talks With U.S. in Malaysia Continue**

##### **Spokesman: Talks at 'Impasse'**

SK1006041995 *Pyongyang KCNA in English*  
0413 GMT 10 Jun 95

["Foreign Ministry Spokesman on DPRK-U.S. Talks Coming To Impasse" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — A spokesman for the Foreign Ministry of the Democratic People's Republic of Korea answered a question put by KCNA today concerning the DPRK-U.S. talks in Malaysia which have come to an impasse again.

He told KCNA:

As was already reported, at the DPRK-U.S. talks in Kuala Lumpur, both sides reached a tentative agreement on some matters of principle related to the provision of light-water reactors on June 6.

This was a result of our sincere efforts and flexible attitude to settle the issue of light-water reactors and save the framework agreement between the DPRK and the United States from a crisis.

Especially, this position of ours was directly linked with our sincere efforts to solve at an early date the problem of storage of spent fuel which has gone to the worst state.

As for the problem of storage of spent fuel, part of our nuclear freeze pursuant to the DPRK-U.S. framework agreement, it must be solved in parallel with progress in the provision of light-water reactors.



That is why we positively estimated the agreement reached at the talks, although it was a tentative one. We sincerely hoped the dialogue partner would respect it so that the talks may come to an end soon.

Contrary to our expectation, however, the talks which reached the final stage have come to an impasse again due to the insincere attitude of the dialogue partner.

This arouses our due concern.

As a matter of fact, the corrosion of spent fuel is being accelerated in the new season. It is natural from the scientific point of view that we should no longer be bound to the talks the prospect of which is unpredictable.

Under these circumstances, a measure we might take soon in relation to the talks dragging on will be an unavoidable and legitimate one.

We are seriously considering this measure.

In case a relevant measure is taken, we can never be held responsible for possible consequences whatever they may be.

#### **'Tentative Understanding' Reached**

OW1006074995 Tokyo KYODO in English  
0716 GMT 10 Jun 95

[FBIS Transcribed Excerpt] Kuala Lumpur, June 10 KYODO — North Korea and the United States reached a tentative understanding Saturday in negotiations to provide modern light-water nuclear reactors to North Korea, a North Korean delegation spokesman said.

Yi Yong-ho told reporters after three hours of talks between delegation heads at the U.S. Embassy that the two sides "reached a tentative understanding on issues at table."

"They are now going to consult the capitals, respectively," he said.

It was not immediately clear whether the United States shared the view that an understanding had been reached in the talks, which have continued almost every day since May 20.

Just prior to the meeting, U.S. Deputy Assistant Secretary of State Thomas Hubbard had told reporters, "I don't expect a conclusion today. We haven't resolved all of the issues yet."

He said the issues in question related to the provision of light-water nuclear reactors to North Korea under last October's landmark accord signed in Geneva, under which Pyongyang froze its current graphite-moderated reactor program.

"The U.S. position remains that the reactors to be provided will be from South Korea and if there is to be an agreement it will have to be on the basis of that," Hubbard said.

He said the Korean Peninsula Energy Development Organization (KEDO), will select the type of reactor to be provided to North Korea "and that's the fundamental point."

The U.S., Japan and South Korea are leading KEDO, a multilateral consortium established in March to supply the two reactors under the Geneva accord.

In the background of Saturday's talks are reports from Seoul that South Korea is dissatisfied at the extent of flexibility shown by the U.S. in the talks aimed at implementing last October's accord signed in Geneva.

Washington's top nuclear negotiator, Ambassador-at-Large Robert Gallucci, arrived in Seoul on Friday for consultations.

South Korea's YONHAP NEWS AGENCY quoted a Foreign Ministry official as saying Gallucci and South Korean Foreign Minister Kong No-myong agreed Saturday that the Kuala Lumpur talks are making progress in that North Korea showed a positive attitude toward accepting South Korean light-water reactors and South Korea's having a central role in the project. [passage omitted]

A North Korean Foreign Ministry spokesman earlier in the day warned that North Korea may proceed with removal of spent nuclear fuel from storage, a move the U.S. says would be a violation of last October's bilateral nuclear accord.

"Contrary to our expectations...the talks which reached the final stage have come to an impasse again due to the insincere attitude of the dialogue partner," Pyongyang's official KOREAN CENTRAL NEWS AGENCY (KCNA) quoted the spokesman as saying.

"Under these circumstances, a measure we might take soon in relation to the talks dragging on will be an unavoidable and legitimate one," the spokesman said.

"We can never be held responsible for possible consequences whatever they may be," he said.

#### **Spent Fuel Issue Viewed**

SK1006103395 Pyongyang KCNA in English  
1029 GMT 10 Jun 95

["Spokesman of General Department of Atomic Energy on Spent Fuel Issue" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — A spokesman of the General Department of Atomic

Energy of the Democratic People's Republic of Korea in response to a question put by KCNA today concerning the issue of spent fuel of the DPRK said:

As is known, there have taken place two rounds of expert-level negotiations between the DPRK and the United States on safe storage of spent fuel of the five-megawatt experimental atomic power station of the DPRK since the publication of the DPRK-U.S. framework agreement in October last year.

At the negotiations, both sides had enough discussions on technical matters, worked out an agreement on safe storage of spent fuel and got it endorsed by their governments.

The agreement, however, has not been implemented because the U.S. side did not keep its promise to discuss the design of spent fuel boxes with the DPRK in March this year and begin encasing spent fuel at least in May.

Moreover, the implementation of the agreement is under a great political restraint due to the unreasonable U.S. attitude toward the issue of light-water reactors.

Our spent fuel was expected to be stored for three months in technical terms, but we have frozen the disposal of spent fuel for nearly a year, with a broad-minded will to sincerely implement the framework agreement between the DPRK and the United States.

The conditions of spent fuel have long since been deteriorating.

The rapid increase in the temperature of the cooling pond in summer accelerates the corrosion of spent fuel.

The biological conditions, radioactivity, the amount of sediment and the degree of contamination of the water of the cooling pond have reached the danger line.

We as masters can no longer remain an onlooker to the deterioration of the state of affairs and cannot but seriously consider appropriate measures.

#### **Ambassador to Russia Comments**

SK1106021395 *Pyongyang Korean Central Broadcasting Network in Korean*  
0110 GMT 11 Jun 95

[FBIS Translated Text] On 7 June, a news conference was held at our country's embassy in Russia regarding the fact that DPRK-U.S. talks being held in Malaysia are on the verge of conclusion.

Placed in front of the news hall were portraits of the great leader Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il.

Functionaries from Russian publications and news agencies participated in the news conference.

Son Song-pil, our country's ambassador, spoke at the news conference.

The ambassador pointed out that in principle the DPRK and the United States reached an agreement as regards the important issues during their talks; and that based on this, the two sides — the DPRK and the United States — have begun to start the working negotiations to arrange the joint documents of the agreement. The ambassador stressed: The United States should make efforts to make the talks end soon by consistently respecting the principles finally agreed upon as a result of our side's sincere efforts and magnanimity. Speaking of the model of the light-water reactors, there is no such thing as the South Korean-model light-water reactor. It is nothing but a political ghost. We recognize only the light-water reactors based on the design and technology approved throughout the world.

Following this, the ambassador answered questions by reporters.

#### **Indian Group Head Urges U.S. To Honor Accord**

SK1206103895 *Pyongyang KCNA in English*  
1024 GMT 12 Jun 95

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — "The United States Should Sincerely Implement the DPRK-U.S. Framework Agreement," said Chita Bishwath [spelling of name as received], secretary general of the All-India Peace and Solidarity Organization in a press statement issued on June 6 on the occasion of the 2nd anniversary of the announcement of the DPRK-U.S. joint statement.

The United States is laying artificial difficulties in the way of the implementation of the framework agreement under an unreasonable pretext, the secretary general said, and continued:

Under the agreement the U.S. should provide the Democratic People's Republic of Korea with the light-water reactors [LWR] whose technology or safety are guaranteed and be responsible for the construction of LWR power-plants as a whole.

Since it raised the LWR supply issue, the United States should not evade its responsibility for the overall project.

It should not seek a political purpose over this issue but strive for a fair solution.

It should honestly implement the DPRK-U.S. framework agreement on its own judgement and decision and thus contribute to peace and security in Korea and the world.

**Foreigners Condemn U.S., ROK on Reactors**

*SK1206104095 Pyongyang Korean Central  
Broadcasting Network in Korean  
2200 GMT 11 Jun 95*

[FBIS Translated Text] Today, the United States and the South Korean puppets have invented the fictitious South Korean-style light-water reactors and are talking loudly as if they exist.

The Nigerian paper VANGUARD has denounced the United States for demanding that the DPRK accept the nonexistent South Korean-style light-water reactors and for creating obstacles in resolving the nuclear issue on the Korean peninsula.

K.L. Kapur, general secretary of the All-Indian Newspaper Publishers' Union, stated: Pyongyang has the right to select the type of light-water reactor under the DPRK-U.S. agreed framework. Accordingly, it was very natural for Pyongyang to refuse South Korean-style light-water reactors, the conception of which does not exist. No one can understand the intention of the United States, which persistently insists on providing Pyongyang with light-water reactors, manufactured with its own technology and design, with someone else's brand. The aim pursued by the United States is very clear. While strongly demanding a fair and just solution to the question concerning the provision of light-water reactors, the international community is asking Washington whether it has the political will to implement the DPRK-U.S. agreed framework. The South Korean puppets should no longer block the just resolution of the light-water reactor issue by getting in between the DPRK and the United States with nonexistent South Korean-style light-water reactors.

**Foreign Parties Support DPRK's 'Just Cause'**

*SK0906151195 Pyongyang KCNA in English  
1509 GMT 9 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — Twenty-eight foreign political parties including the Large Front of Uruguay and the Socialist Party of Chile, which participated in the 5th conference of the left political parties in the Latin American and Caribbean region held in Montevideo from May 25 to 28, published a joint statement supporting the just cause of the Korean people.

The statement expressed firm support for the cause of the Korean people to defend and advance socialism under the leadership of the Workers' Party of Korea [WPK] headed by the leader Kim Chong-il.

The implementation of the DPRK-U.S. agreed framework for solving the nuclear issue on the Korean peninsula

and the agreement for resumption of the DPRK-Japan talks is imperative for the peace and reunification of Korea, the statement said, and went on:

Different political parties which have participated in the conference express solidarity with the struggle of the WPK and the Korean people to realise the independent and peaceful reunification of the country on the basis of the 10-Point Programme of the Great Unity of the Whole Nation put forward by President Kim Il-song.

**Paper Rejects U.S. Demands for N-S Dialogue**

*SK1006043995 Pyongyang KCNA in English  
0431 GMT 10 Jun 95*

["U.S. Must Show Sincere Response" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — Some U.S. officials assert that the North and South of Korea are the parties concerned in the North-proposed establishment of a new peace mechanism and that "inter-Korean dialog" should be "resumed."

NODONG SINMUN today brands this as a far-fetched argument with no justification.

The analyst says:

The South Korean puppets are not entitled to poke their nose into the question of setting up a new peace mechanism.

To establish the new peace mechanism is an issue that can be settled only by the DPRK and the U.S. The South Korean puppets' interference will only give rise to obstacles and complexities.

The situation prevailing in the Korean peninsula requires an early establishment of the new peace mechanism. If the United States truly wants peace and security of the Korean peninsula, there can be no reason whatsoever for the United States to refuse to respond to the realistic proposal of the DPRK.

The principled stand of the DPRK on inter-Korean negotiations still remains unchanged. We will never sit face-to-face with the South Korean puppets whatever anyone may say, unless they apologise to the entire nation for their anti-ethical actions done at the time of misfortune of the fellow countrymen in the North and unless they abolish the notorious "National Security Law".

With a view to establishing the new peace mechanism, we will have discussions only with the United States, the party concerned.

The United States must show a sincere response to the DPRK-proposed new peace mechanism establishment.



**ROK 7-8 Jun Deployments in DMZ Decried**

*SK1006050795 Pyongyang KCNA in English  
0457 GMT 10 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 10 (KCNA) — The South Korean puppets on June 7 and 8 brought 90 mm recoilless guns, large-calibre machine guns and 15 military vehicles into different places in the Demilitarized Zone [DMZ] of the central sector of the front and called out more than 400 soldiers armed with machine guns and automatic rifles to take positions and pose for attack, creating a horrifying war atmosphere, military sources said.

Such military provocations are a premeditated move to drive inter-Korean confrontation into a dangerous phase.

If the Kim Yong-sam group continues coiling up tensions in the DMZ, going against the desire of the nation for reunification, they will face a stern judgement without fail.

**'Never-Ceasing' Provocations Decried**

*SK1106082495 Pyongyang KCNA in English  
0821 GMT 11 Jun 95*

["Never-Ceasing Military Provocations" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — Scores of puppet troops on June 9 took positions in the Demilitarized Zone [DMZ] of the western sector of the front and leveled 90mm recoilless guns and large-calibre machine guns at posts of the North's civil police, and the puppets brought 12.7mm machine guns, more than one hundred armed bandits and some ten military vehicles into the DMZ in the central sector of the front, according to military sources.

On the same day, the puppets staged an exercise of attacking the North in the DMZ in the central sector of the front and a large-scale river-crossing drill in the lower reaches of the River Han.

The Korean people and the People's Army soldiers will never tolerate the crimes of the traitor Kim Yong-sam who is making desperate efforts to plunge the nation into holocaust of war.

The traitor Kim Yong-sam should not act rashly.

**8-10 Jun U.S.-ROK Military Exercises Decried**

*SK1206053395 Pyongyang KCNA in English  
0445 GMT 12 Jun 95*

["Acts of Aggravating Situation on Korean Peninsula" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 12 (KCNA) — The U.S. imperialist warmaniacs sent warplanes of the Pacific fleet to the skies above South Korean areas near the Military Demarcation Line to stage a surprise air strike exercise against the northern half of Korea on June 9 and 10, military sources said.

On the same days, an overseas-based KC-135 strategic reconnaissance plane and a P-3 patrol plane made flights along the MDL to commit espionage on the northern half of Korea as a whole.

On Saturday, the South Korean puppets sent over 100 fully-armed bandits of the puppet army into the western sector of the front to take combat positions and deployed twelve 105 mm guns in positions.

On the same day, a large-calibre artillery group of the puppet army fired more than 300 shells in the direction of areas adjacent to the demilitarized zone in the central sector of the front. And in the western sector of the front an infantry unit of the puppet army took forward positions and had an offensive operation simulating an operation to make a breakthrough in the MDL, firing over 1,000 large-calibre machinegun and automatic rifle bullets under the support of tanks and planes.

The South Korean puppets also brought some 300 military vehicles and 1,000 troops into an islet on the West Sea of Korea [Yellow Sea] near the territory of the North side from June 8 to 10.

The U.S. imperialists and the Kim Yong-sam traitorous clique must not act rashly, squarely looking at the trend of the times.

**ROK Command Post Exercise Plans Denounced**

*SK1106053695 Pyongyang Korean Central  
Broadcasting Network in Korean  
1225 GMT 10 Jun 95*

[Commentary by Yun Pyong-son: "What Purpose Is Sought by the War Exercise Commotions?"]

[FBIS Translated Text] According to a report in a South Korean paper, the Kim Yong-sam ring has announced that it will conduct a war exercise, the so-called command post exercise of the Joint Chiefs of Staff, from 19 to 24 June, mobilizing the puppet troops. The scale of the war exercise is almost equal to that of the Ulchi



Focus-Lens exercise and, also, will be conducted at all front lines.

The puppets are now distorting public opinion as if the war exercise is not dangerous at all because it is a command post exercise. However, this is nothing but a sophistry to distort public opinion, as well as to hide the danger of the war exercise and its provocative character.

In fact, the war exercise is a command post exercise in words, but actually it is very dangerous, like playing with fire in which all warmongers of the puppet army, navy, and air force participate and in which the puppet troops can engage in combat at any moment if an order is given.

Even last year, the puppets babbled that the Ulchi Focus-Lens joint military exercise was a command post exercise. However, actually, it was conducted at three levels in which tens of thousands of troops, fighters, and warships were mobilized in the sky, land, and sea. These facts show that the war exercise this time is a very dangerous mock war to make a surprise attack on the northern half of the Republic, not a mere command post exercise.

All fellow countrymen in the North, South, and abroad are now vigorously rising to glorify this year — the 50th anniversary of national liberation — as the historic year that opens a breakthrough in achieving reunification of the fatherland. Under these circumstances, the Kim Yong-sam ring is sharpening a knife of war to harm its fellow countrymen, running counter to their aspirations. This is an unforgivable and reckless act that could only be committed by a treacherous group like the Kim Yong-sam ring.

This year alone, the Kim Yong-sam clique has ceaselessly kicked off war commotions against us, conducting large-scale joint military exercises of the Army, Navy, and Air Force, including the 95 coast landing operation. Also, they have continued to make militant and violent remarks, such as punishment or retaliation against someone. Given these facts, the puppets' attempt to conduct the mock war for northward invasion shows that they are surely to achieve their cunning intent to provoke the war for northward invasion.

The puppets plan to conduct the command post exercise, which has been conducted in August every year, toward the end of June ahead of schedule. This raises a problem.

As is known, South Korea is supposed to carry out elections of the local autonomous system on 27 June. The Kim Yong-sam ring is going to fortify the foundation for its long-term power using this election. However, the South Korean people — who carry a grudge and indignation against the puppets — are going to punish

the civilian fascist government in the election, shouting for the overthrow of Kim Yong-sam.

Analysts of the political situation predict that it is indispensable for the Kim Yong-sam ring to be defeated in the election if it is conducted under the present circumstances. The reason for the puppets conducting the war exercise before the election is to threaten and blackmail the people who protest against the [word indistinct] government with [word indistinct], as well as to achieve their goal of extending their power by satisfactorily carrying out elections.

If we leave the warmongers in place, we cannot achieve national reconciliation, unity, and reunification nor can democratization be realized in South Korean society. Only the fellow countrymen will suffer the disasters of war.

The Kim Yong-sam antinational clique should be brought up for a trial before history and be sternly punished. The puppets should stop kicking off reckless war commotions and act with discretion.

#### Student Committee Letters to ROK Counterparts

SK0906102795 *Pyongyang KCNA in English*  
1009 GMT 9 Jun 95

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — The student committees of different universities under the North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) sent letters to general student councils of universities and colleges under the South side headquarters of Pomchonghangnyon, calling upon the youth and students in the North and the South to be a vanguard in the struggle to make a success of the Grand National Reunification Festival commemorating the 50th anniversary of the country's liberation.

The letters said that if the youth and students in the North and the South sit together with the August 15 as an occasion and pool voices hand in hand, it will make a breakthrough in tearing down the barrier of division. The letters called upon them to stand in the van for the day.

The letters were sent to the General Student Council of the Kongju National Teachers' College by the Student Committee of the Kim Chong-tae University, the General Student Council of the Kangnung National University by the Student Committee of the Chollikil University, the General Student Council of the Chungnam National University by the Student Committee of the Chinmyong University, the General Student Council of the Kyongbuk National University by the Student Committee of the Saenal University, the General Student

Council of the Mokpo University by the Student Committee of the Kungang University, the General Student Council of the Chonbuk National University by the Student Committee of the Kwanso University, the General Student Council of the Pusan National Teachers' College by the Student Committee of the Sariwon University, the General Student Council of the Hoso University by the Student Committee of the Samhung University, the General Student Council of the Inje University by the Student Committee of the Yi Su-tok University, the General Student Council of the Kyongsang National University by the Student Committee of the University of Chemical Engineering, the General Student Council of the National Fisheries University of Pusan by the Student Committee of the Tonghae University, the General Student Council of the Yosu Fisheries College by the Student Committee of the Sohae University, the General Student Council of the Maritime University by the Student Committee of the University of Maritime Transport, the General Student Council of the Hailim University by the Student Committee of the University of Mining and Metallurgy, the General Student Council of the Honam University by the Student Committee of the Sinuiju University of Light Industry, the General Student Council of the Sunchonhyang Jr. College by the Student Committee of the Kim Che-won University, the General Student Council of the Hoso University by the Student Committee of the Kye Ung-sang University, the General Student Council of the Taejon University of Technology by the Student Committee of the Inpung University, the General Student Council of the Sukmyong Women's University by the Student Committee of the Kaesong University of Art, and the General Student Council of the Kijon Girls Vocational College by the Student Committee of the Sinuiju University of Art.

"Let us fight in the van for the day when the youth and students in the North, the South and overseas will shout hurrah of reunification shoulder-to-shoulder in the place of the Grand National Reunification Festival celebrating the 50th anniversary of the country's reunification," the letters said.

**Paper Denounces Japan 'Trick' on Comfort Women**  
*SK1106083595 Pyongyang KCNA in English*  
 0830 GMT 11 Jun 95

["Trick Will Not Work" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — NODONG SINMUN today comments on the farce of "apology" and "compensation" projected by the Japanese authorities through "non-governmental fund" for "consolation money" and "apology" letters to the former "comfort women for the army" who stay alive.

The analyst says:

This is aimed at craftily avoiding the responsibility of the state of Japan through a third-rate trick.

This attitude of Japan is intolerable as it shows that Japan has no intention of sincerely reflecting on its past crimes and it is not reluctant to commit such crimes again.

The issue of "comfort women" was an A-class anti-ethical crime committed by the state of Japan. "Non-governmental fund" and "apology" letters of individuals can never make up for this crime unprecedented in world history of war.

International laws and usage demand that the state be responsible and apologize and compensate for the crimes committed by the state itself.

Japan must apologize to and compensate the former "comfort women," be they dead or alive, and the bereaved families in the name of the state, though belatedly.

The Japanese authorities must know that with no trick can they conceal their crimes and escape from the state responsibility for the liquidation of the past.

Japan has yet to liquidate the past with the DPRK. There is no change in our principled position that the state of Japan must be responsible, apologize and compensate for all crimes committed by Japanese imperialism against the Korean people in the past and must punish the criminals.

#### **'Firm Solidarity' With Libya Expressed**

*SK1106083895 Pyongyang KCNA in English*  
 0833 GMT 11 Jun 95

["Solidarity With Libyan Arab People" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 11 (KCNA) — The Korean people express firm solidarity with the friendly Libyan Arab people on the 25th anniversary of the dismantlement of U.S. military bases in Libya, says NODONG SINMUN in a by-lined article today.

The article continues:

The dismantlement of U.S. military bases in Libya proved once again that the existence of imperialist military bases in other countries is rejected everywhere as it runs counter to the trend of the era of independence.

Today the imperialists regard Libya as a thorn in their flesh for its anti-imperialist independent stand and viciously work to stifle the Libyan revolution.

The Libyan Arab people, however, are stoutly advancing along the road of their own choice in the teeth of provocations of the imperialists.

Their cause of justice enjoys support from people of many countries of the world.

Their cause is righteous. No one can break their will.

Today the Libyan Arab people are courageously building a new society, holding high the banner of anti-imperialism and independence under the leadership of Colonel Mu'ammar al-Qadhafi, the leader of the Great September 1st Revolution.

#### **Embassy Hosts Havana Banquet for Raul Castro**

SK0906144895 *Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 5 Jun 95*

[FBIS Translated Text] On 2 June, a banquet marking the 64th birthday of Comrade Raul Castro Ruz, second secretary of the Central Committee of the Communist Party of Cuba and minister of the Revolutionary Armed Forces of the Republic of Cuba, was held at our country's embassy in Cuba.

The generals and officers of the Revolutionary Armed Forces, including Lieutenant General (Ramon Pardo Gara), vice minister of the Cuban Revolutionary Armed Forces, and functionaries concerned were invited to the banquet.

Also present at the banquet were Kim Sung-yong, our country's ambassador to Cuba, and embassy staffers.

Our country's ambassador made a speech. He said Comrade Raul Castro Ruz has struggled from his early days and achieved great accomplishments that will shine forever in the revolutionary history of Cuba. He pointed out that Comrade Raul Castro Ruz is vigorously arousing cadres, party members, and soldiers to the struggle to smash the U.S. imperialists' vicious maneuvers to block Cuba. He said that, due to his loyalty toward and the principled stance on the revolution, and due to his warm love for the people, Comrade Raul Castro Ruz receives endless love and respect from the people.

The ambassador said Comrade Raul Castro Ruz has paid deep attention to the development of the DPRK-Cuba friendly relations and has always sent absolute support and solidarity to the policies of the Workers Party of Korea. He pointed out that he has made positive efforts to promote relations between the two parties as well as between the armies of the two countries in a united front against the United States.

He said the friendly relations between the DPRK and Cuba will invariably develop and be strengthened, unswayed by the imperialists' maneuvers and pressure.

The vice minister of the Cuban Revolutionary Armed Forces spoke next. He expressed deep gratitude for having arranged the banquet marking the 64th birthday of Comrade Raul Castro Ruz upon the authorization of Comrade Raul Castro Ruz. He also stressed that the DPRK-Cuba relations, based on friendly relations between the leaders of the two countries, will invariably develop and be strengthened under the complicated world situation.

The participants toasted the eternal life of the great leader Comrade Kim Il-song; the long life of the great leader [yongdoja] Comrade Kim Chong-il and Comrade Fidel Castro Ruz, the supreme leader of the Cuban revolution; and the long life of the respected Comrade Raul Castro Ruz.

#### **Radio Stresses Need for 'Great Unity' of Nation**

SK1006001695 *Pyongyang Korean Central Broadcasting Network in Korean 0652 GMT 7 Jun 95*

[Unattributed talk: "Great Unity of the Whole Nation Is a Decisive Guarantee for Independent and Peaceful Reunification"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught that to achieve the independent and peaceful reunification of the country it is imperative that the whole nation achieve great unity. Great national unity is a basic condition and a decisive guarantee for the independent and peaceful reunification of the country.

That the whole nation's great unity is a decisive guarantee for the independent and peaceful reunification of the country is related to the essence of the reunification question — that is, the national character of the reunification question.

The reunification question of our country is a question of linking again the nation's artery, which has been artificially severed by outside forces, and of achieving national reconciliation. It is also a question of achieving the nation's independence.

The popular masses' struggle for independence is carried out with a country and a nation as a unit. Pioneering the destiny of one's country and one's nation is the sacred right of the people of each country. With what ideology and system and in what way should people develop their country? This is a problem that the people of that country should themselves decide. Therefore, the reunification question of our country, which is an internal affair of our nation, is precisely the cause of our nation's independence for which no one else can answer. It is also a nationwide cause which cannot be achieved



by the efforts of a specific class or social segment or by the efforts of either the North or the South side.

Reunifying the country is also not in the interests of a specific class or social segment, but is in the interests of the whole Korean nation. Therefore, the interests of a specific class and social segment should serve the common interests of the whole nation.

Our national reunification is a nationwide cause which can be settled only on the basis of the common interests of the nation and only by the united strength of all of the people. Therefore, the cause of our national reunification demands that all the people in the North and the South and all compatriots abroad firmly unite as one under the banner of national ideal and national reunification, transcending differences in ideologies, ideals, and systems.

Only when our nation harmonizes itself and unites as one can it effectively struggle against the splittist forces at home and abroad who are hindering national reunification.

That the whole nation's great unity is a decisive guarantee for achieving the independent and peaceful reunification of the country is also related to the fact that the main force of national reunification is precisely the Korean nation. The strength that can achieve national reunification, our nation's cause for independence, is precisely the independent strength of our nation.

When all the Korean people firmly unite as one with the high awareness of being the masters of national reunification and, thus, fully display their strength and wisdom, the struggle for completely achieving sovereignty of the country and the nation can be extraordinarily accelerated.

When all the Korean people in the North, the South, and overseas firmly unite as one and, thus, make a contribution to the cause of national reunification and to the grandeur and prosperity of a reunified fatherland in accordance with the specific circumstances and conditions of their own strength, knowledge, and property, the door of reunification can be opened, and the sovereignty of the country and the nation can be completely achieved.

That the whole national great unity becomes a fundamental guarantee for establishing sovereignty of the country and the nation is also related to the currently prevailing situation. In today's international arena, an acute struggle between socialism and imperialism and between progressive people and reactionaries is being waged, and the people's cause for independence has met the grave challenge by the imperialists.

In addition, it is a hackneyed tactic of the imperialists to sow the seed of discord within a nation and to have the same nation be in antagonism. The imperialists are afraid of the awareness and unity of a nation. They are frantically employing all possible maneuvers in order to encourage the nation's division.

While following outside forces, the Kim Yong-sam ring is foolishly coming up with a theory on institutional reunification, a theory on reunification through anticommunism, and is thus dashing toward the road of anticommunist confrontation which regards fellow countrymen as enemies. It is also brutally suppressing the patriotic South Korean people and young students who call for the independence and democratization of society and national reunification.

If the North and South continue to regard each other with hostility and to seek confrontation, falling prey to outside forces' maneuvers, this will result in giving profits to outside forces and will be unable to escape becoming a scapegoat of outside forces. Thus, it will be impossible to defend the dignity and honor of the country and the nation, the nation's sovereignty will be infringed upon, and only greater misfortune and sufferings will be brought to our nation.

Our nation should open the road of independent and peaceful reunification with a firm and thorough national independence spirit, relying on the united strength of the whole nation. Only when the entire nation unites as one mind and one will can we drive outside forces out of our fatherland, achieve independence and democratization of South Korean society, and open the road of independent and peaceful reunification of the country with our own strength by smashing the hindrance maneuvers by the splittist forces at home and abroad.

There are many barriers and difficulties on the road of our people's struggle for national reunification. However, if our people achieve the great unity of the whole nation they can break through these barriers and difficulties and, at the same time, achieve the cause of national reunification. When the Korean people in the North, the South, and overseas, who love the country and the nation, firmly uphold the 10-point program of great unity of the whole nation for national reunification elucidated by the great leader Comrade Kim Il-song, firmly unite under its banner, and smash the maneuvers of the splittists at home and abroad, the historic cause for national reunification will be achieved without fail.



**Further on Need for 'Great Unity'**

SK1206112895 *Pyongyang Korean Central  
Broadcasting Network in Korean*  
0652 GMT 12 Jun 95

[Unattributed talk: "When the Entire Nation Wins Great Unity, the Fatherland's Reunification Can Be Achieved"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught: Without the great unity of our nation, we cannot think about achieving the independent and peaceful reunification of the fatherland.

The great unity of the nation is the basic premise of and prerequisite for the fatherland's reunification.

Without the great unity of the nation, it is meaningless to talk about the fatherland's reunification.

The cause of the fatherland's reunification can be successfully achieved only when all Korean compatriots in the North, South, and overseas are firmly united on the basis of the love of the nation and the spirit of national independence.

The main force of the fatherland's reunification is all Korean countrymen.

The fatherland's reunification is the independent cause of our nation; the *chuche*-motivated force of our nation is the might to achieve reunification.

Because all Korean countrymen at home and abroad are the masters of the fatherland's reunification, they should fulfill their responsibility and role as the masters in the struggle for the fatherland's reunification. To this end, the entire nation should be firmly united as one.

The might of *chuche* is none other than that of unity; unity means might.

The decisive guarantee for the realization of the fatherland's reunification lies in the fact that the entire nation should be united as one to strengthen the main force of reunification.

All Korean countrymen at home and abroad can successfully advance the fatherland's reunification with the nation's own strength and efforts if they are united in one will by linking each individual's destiny with that of the nation under the banner of the great unity of the nation while transcending the differences in ideologies, systems, ideas, religions, opinions, and principles.

The great unity of the entire nation! This is the decisive guarantee for the fatherland's reunification.

When all countrymen achieve great unity, they can smash anti-reunification maneuvers by the splittist

forces at home and abroad and open a phase for effecting a breakthrough for the fatherland's reunification.

Today, the schemes by the splittist forces are becoming more reckless with each passing day.

One cannot achieve the nation's reconciliation, unity, and reunification without checking and smashing these anti-reunification and confrontational schemes as well as the new war-provocation schemes by splittist forces at home and abroad.

At present, the question as to whether one can check and frustrate the schemes by the splittist forces at home and abroad, who are blocking the fatherland's reunification, arises as a key question concerning whether our nation can follow the timetable for the fatherland's reunification in the 1990s.

If the entire nation is not united, one cannot smash the anti-reunification schemes by splittists at home and abroad.

The prevailing situation demands that all Korean countrymen conduct a pan-national struggle to check and frustrate the splittist forces' anti-reunification schemes, while being firmly united in one grand united front for the fatherland's reunification.

Unity is the only way for our nation's survival and for national reunification.

When the nation achieves great unity, one can avert the danger of nuclear war and abolish all kinds of legal and systematic devices, including the anti-reunification National Security Law of South Korea which blocks all contacts and dialogue between the North and South as well as national reunification. One can also open wide the road to the grand festival for national reunification marking the 50th anniversary of the fatherland's reunification which those in the North, South, and overseas will jointly hold on 15 August this year.

"Let us achieve the great unity of the entire nation!" This is the supreme slogan for the struggle our nation should uphold today.

When all Korean countrymen at home and abroad conduct the relevant struggle in firm unity, while upholding the slogan for the great unity of the nation, the anti-reunification and confrontational schemes by splittist forces at home and abroad will be smashed, and the new morning of national reunification in the 1990s will dawn by all means.

In reality, at present what is most urgent and important for our countrymen, be they in the North, South, or overseas, and be they communists, nationalists,

proletarians, bourgeois, atheists, or theists, is to achieve great unity as one nation.

The 70 million countrymen in the North, South, and overseas should concentrate all efforts on realizing the cause of the fatherland's reunification while achieving firm unity on the basis of the principle of subordinating everything to the common national interest — the fatherland's reunification — before regional or class interests.

The future road of our nation toward the fatherland's reunification is not smooth; many obstacles and hardships lie ahead.

This notwithstanding, the fatherland's reunification will surely be achieved due to the existence of the great leader [yongdoja] Comrade Kim Chong-il, the sun of guidance and the lodestar of the fatherland's reunification whom the entire nation upholds and looks up to, and to the existence of the 10-Point Program for the Great Unity of the Entire Nation, which is a grand charter for national reconciliation, unity, and national reunification.

All Korean countrymen in the North, South, and overseas should rise as one in the struggle to achieve national reunification in the 1990's, while firmly uniting under the banner of the great unity of the nation with a firm conviction in the fatherland's reunification.

#### **Newly Enacted Insurance Law Viewed**

SK2605063595 *Pyongyang MINJU CHOSON*  
in Korean 11 May 95 p 2

[FBIS Translated Text] The Standing Committee of the Supreme People's Assembly recently enacted a DPRK insurance law.

The great leader Comrade Kim Il-song taught: Citizens have the right to receive free medical treatment. Those who are old, ill, and handicapped and are unable to work, and old people and children without families have the right to receive aid. This right is guaranteed by free medicine, the increasing medical facilities, including hospitals and sanitariums, state social insurance, and the social security system.

In the course of conquering nature and creating material wealth, people may face losses of life and property due to unexpected natural disasters or accidents during their lives. Funds are needed to recover or reconstruct the losses. Insurance is a system to pool and utilize social funds in order to prevent or compensate such losses from natural disasters and unexpected accidents.

The great leader Comrade Kim Il-song embodied the ideology on people-oriented insurance, which he developed during the days of the anti-Japanese struggle after

the liberation, and provided us with a church-based insurance system. The insurance system provided by the respected and beloved leader has been further strengthened and developed by the energetic guidance of the great leader [yongdoja] Comrade Kim Chong-il, demonstrating its superiority and vitality.

The recently adopted insurance law is a guarantee for legally solidifying and further developing the already achieved fruition of our country's insurance business.

The insurance law consists of five chapters and 47 articles.

Chapter 1 on the fundamentals of insurance law defines the mission of our country's insurance law and the principal demands for successfully implementing the law.

The law stipulates that the mission of the insurance law is to enhance the function and role of insurance and contribute to the economic development of the country and stabilization of the people's lives. The mission of insurance is based on the nature and the people-oriented character of our country's socialist system. Our country's socialism is the most superior socialist system in which the working popular masses are the masters of the state sovereignty and means of production, and everything in the system serves the popular masses. Therefore, the insurance law of a socialist country has the mission of contributing to the economic development of the country and the stabilization of people's lives.

Such a legal definition of the mission of the insurance law shows off the superiority of our-own-style socialism compared to a capitalist society where insurance is a means for the capitalists to exploit the working popular masses and pursue profits.

Next, the insurance law defines the principal demands for achieving the mission of the insurance law.

Correctly defining the categories of insurance is an important demand for smoothly achieving the mission of the insurance law.

Insurance categories must be defined in conformity with the character and developing reality of the socialist system, where the national interests precisely meet the individual interests, in order to have a broad range of masses participate in the business. The insurance law is divided into two categories — human and property insurance. The former comprises life insurance, children's insurance, travelers' insurance, and disaster insurance; and the latter includes fire insurance, marine insurance, farm insurance, and credit insurance. The insurance law stipulates that the categories should be

increased as the demand for insurance increases. The law also ensures that the insurance business be properly carried out under the principle of voluntarism and obligation. Thus, the insurance law guarantees that the properties of organizations, enterprises, groups, and individuals, as well as all the citizens, can be insured according to their character, class, and age.

One of the important demands for the insurance business to be smoothly carried out is that it should be managed by a state insurance agency.

When a state insurance agency manages the insurance business, the government can establish an orderly insurance system from the central to local areas and provide insurance reserves and utilization. The law designating the state insurance agency to do insurance business is a firm guarantee for insurance to thoroughly serve the working popular masses.

When an insurer and an insured person sign an insurance contract and decide to implement it, one of the basic demands is for the insurance to satisfactorily compensate for the damage and losses of the insured from unexpected accidents or natural disasters.

An insurance contract is a legal action that stipulates the rights and obligations of the insurer and the insured and provides a legal guarantee for the implementation.

The insurance law provides a legal guarantee for the parties to the contract to accurately implement the obligations of the contract by stipulating that the parties should comply with the contract and by enhancing the responsibilities and roles of the two parties.

The insurance law also includes provisions for developing exchanges and cooperation with foreign insurance agencies and international insurance organizations in the insurance field.

#### **Light Industry Modernization 'Progressing Apace'**

*SK0906150995 Pyongyang KCNA in English  
1505 GMT 9 Jun 95*

[FBIS Transcribed Text] Pyongyang, June 9 (KCNA) — The modernization of the light industry is progressing apace in Korea.

In recent five years alone, many factories and workshops were built and existing factories were rebuilt and expanded along up-to-date line. And nearly 600 cases of invention and new technology and thousands of technical innovation proposals were introduced into production. As a result, the production capacity of the light industry grew by ten percent.

In the period, technical transformation of production processes was carried out and modern and high-speed

equipment introduced at Pyongyang Textile Combine, Kaesong Textile Mill, Yongbyon and Pakchon Silk Mills, Pyongyang Hose Factory, Kangso Knit Goods Factory and many other textile factories.

And factories and workshops equipped with advanced equipment have started operation, among them Wonsan Export Garment Factory, Nanam Clothes Factory, and the slop workshop of Tongdaewon Garment Factory.

Thus cloth production capacity increased by 12 percent, spun silk by 1 percent and knitwear by 9 percent.

In shoe-making industry, modern production centers of injection-molded footwear have been built and automatic streamlines introduced at Chongjin, Sunchon, Sariwon and Wonsan shoe-making factories, with the added capacity of producing tens of millions of pairs of shoes.

The technical and material foundations of the foodstuff industry have been further consolidated with the building of more than 200 foodstuff factories including Pyongyang Children's Foodstuff Factory across the country and the streamline of Sakju Foodstuff Factory.

Production bases for daily necessities including Pyongyang Daily Necessities Combine, Sinuiju Cosmetic Factory, Wonsan and Sinhung Disabled Soldiers' Plastic Goods Factories were rebuilt and expanded along up-to-date line.

The Government of the Democratic People's Republic of Korea, which takes it as the supreme principle of action to constantly raise the people's living standard, is systematically increasing investment in the light industry every year.

#### **Adequate Water From South Hwanghae Irrigation**

*SK0906063095 Pyongyang Korean Central  
Broadcasting Network in Korean 2200 GMT 6 Jun 95*

[FBIS Translated Text] The irrigation management stations in South Hwanghae Province are supplying enough water for the cooperative farms. Bearing in mind the fact that the agricultural front is the most important front in implementing the revolutionary economic strategy, the party members and working people here are making active efforts to farming water sufficiently and in a timely manner. As of 5 June, they are supplying enough water for 94 percent of the total area of rice paddies.

The party members and working people of the Chaeryong District and Yonan District irrigation management stations, in particular, are supplying enough water for all of Ongjin plain's rice paddies using the well-equipped irrigation system where the warm love and benevolence of the great leader and the dear comrade leader dwell.



## South Korea

### DPRK-U.S. Nuclear Talks in Malaysia Reported

#### Minister: Talks 'Making Progress'

SK1006053095 Seoul YONHAP in English  
0522 GMT 10 Jun 95

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — South Korea and the United States agreed Saturday that the ongoing nuclear talks in Kuala Lumpur, Malaysia, are making progress in that North Korea showed a positive attitude towards accepting South Korean reactors and South Korea's central role in the light-water reactor project agreed to during last October's Geneva nuclear accord, a senior Foreign Ministry official said.

"The two sides, however, agreed to do their utmost to reduce ambiguity in putting on paper what the North accepted on a verbal basis, to head off any obstacles to the smooth implementation of the light-water reactor project," said Yim Sung-chun, director general of the American Affairs Bureau, who added that the North has so far only expressed those attitudes verbally.

Yim was briefing reporters on the outcome of the talks held between Foreign Minister Kong No-myong and visiting U.S. nuclear ambassador Robert Gallucci at the Foreign Ministry Saturday morning.

Kong and Gallucci also shared the view that it is strongly needed for the two sides to cooperate more closely than ever before to attain the common goals the two sides share as the ongoing nuclear negotiations have reached a critical stage where the United States and the North began writing down on paper what they have agreed on, according to Yim.

Regarding the demand by North Koreans to provide them with additional support facilities to the two light-water reactors, Yim said that Kong and Gallucci reaffirmed their position that they would not accept any demands which go beyond the scope commonly accepted in any light-water reactor project.

"We have no differing position on the issue," said Yim. "The standards of the Ulchin units 3 and 4 or Yonggwang reactor projects will be applied to the reactor project for the North."

Yim, however, declined to discuss further if any additional facilities will be supplied to the North as commonly accepted in ordinary light-water reactor contracts.

He added that North Korea and the United States are still negotiating on how to properly document those sensitive issues.

During the talks attended by officials from South Korea and the United States, including Winston Lord, assistant secretary of state for East Asia and the Pacific affairs and Yi Chae-chun, deputy foreign minister for political affairs, the two sides also agreed to maintain a more firm position concerning threats by the North that it will defrost its 5-megawatt nuclear facilities, dismissing the threats as typical brinkmanship by the North in an attempt to draw concessions from the United States, according to Yim.

"As the United States recently denied claims by the North Korean Central Broadcasting Station that the North and United States struck a deal in Kuala Lumpur, there were no agreements at the ongoing nuclear talks," Yim insisted, dismissing those tactics by the North as propaganda to get more concessions.

After meeting with Kong and Foreign Ministry officials, Gallucci visited Unification Minister Na Ung-pae for further consultations regarding the nuclear issue and will visit Chongwadae [presidential offices] to meet with senior presidential secretary for foreign affairs and national security Yu Chong-ha.

Gallucci will give a press conference at 6 pm at the United States Information Service (USIS) in central Seoul before leaving the country Sunday morning.

The U.S. nuclear ambassador flew to Seoul Friday evening to hold consultations with Seoul officials on key points of contention which have surfaced at the ongoing nuclear talks between North Korea and the United States currently being held in Kuala Lumpur, Malaysia.

#### 'Tentative Agreement' Reached

SK1006122695 Seoul YONHAP in English  
1221 GMT 10 Jun 95

[FBIS Transcribed Text] Kuala Lumpur, June 10 (YONHAP) — At the U.S.-North Korea nuclear talks here Saturday, North Korea agreed in principle to a U.S.-proposed compromise that the United States will be flexible in providing the North with auxiliary facilities for light-water reactor plants in the event Pyongyang consents to specifying South Korean light-water reactor models in the final agreement, it was learned.

Following the three-hour-long 17th round of the talks held at the American Embassy here Saturday morning, a North Korean delegate, Yi Yong-ho, said, "We have reached a tentative agreement. We've agreed to consult with our respective governments."

Echoing the statement, an American delegate said that both sides, having reached "a tentative understanding," have decided to consult with the home governments.



Differences appear to have been substantially narrowed between Washington and Pyongyang on most of the key issues including the model of light-water reactors to be supplied to North Korea under the Geneva agreed framework, the structure of the light-water reactor project and the scope of facilities to be supplied for the project.

Both sides are thus expected to start drafting the final written agreement pending the outcome of ongoing policy coordination between Seoul and Washington in Seoul and instructions from Pyongyang.

A diplomatic source said, "Today's meeting, held at the request of North Korea, had a concentrated discussion on pending issues. Though no final conclusions were reached, both sides agreed to meet again after having consultations with their respective home governments."

At the meeting the Americans persuaded the North Koreans to accept in clearer terms the South Korean demands that South Korean light-water reactors be supplied to the North, and that South Korea plays a central role in the light-water reactor project, the source said.

The U.S. side also emphasized a principle that no common international practices can be deviated in determining the scope of auxiliary facilities to be provided for light-water nuclear reactor plants, the source added.

Following the talks, South Korean, American and Japanese officials involved held a tripartite meeting somewhere in the city to evaluate the outcome of negotiations with North Korea, and agreed to proceed with the final phase of the nuclear negotiations with the North based on the outcome of Seoul-Washington policy coordination in Seoul.

#### **U.S. Stresses ROK 'Central Role'**

SK1006123895 Seoul YONHAP in English  
1231 GMT 10 Jun 95

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — South Korea and the United States Saturday reaffirmed that South Korean reactors will be provided to North Korea under last October's Geneva nuclear accord and that South Korea will take a central role in the reactor project for the North, according to U.S. nuclear ambassador [title as received] Robert Gallucci.

Giving a press conference at the United States Information Service (USIS) in central Seoul on the outcome of Saturday's extensive talks with Seoul officials on the ongoing nuclear talks in Kuala Lumpur, Gallucci, however, said that he could not tell the "exact language" on

the issue to be produced by negotiators in Kuala Lumpur as negotiations are ongoing.

"One thing I can absolutely tell you is that any language which is inconsistent with the principle of Korean reactors and South Korea's central role cannot appear in agreement (to be signed by negotiators of the United States and North Korea in Kuala Lumpur)," he said.

Gallucci also said that he saw "no reason why we cannot capture the chances of success (in concluding the ongoing nuclear talks) if North Korea indeed accepts South Korean reactors and South Korea's central role in designing, manufacturing and construction of reactors."

He, however, said that "If North Korea cannot be prepared to accept South Korean reactors and South Korea's central role, there's no other way to proceed with the project."

On the content of the "tentative understanding" which a North Korean negotiator Saturday insisted the North struck with American negotiators in Kuala Lumpur, Gallucci said "I'm really reluctant to go further on the issue."

Gallucci just said that he had intensive talks on the "tentative understanding" with President Kim Yong-sam, Foreign Minister Kong No-myong, Senior Presidential Secretary for Foreign Affairs and National Security Yu Chong-ha and other Seoul officials.

"We have not finished yet and we are in the midst of consultations with Seoul and Tokyo on the issue," said Gallucci.

"They (negotiators in Kuala Lumpur) have undoubtedly made some progress in some areas," he said. "But we are not there (where we eventually want), so I'm reluctant to characterize where we are in."

On North Korea's demand for the U.S. to provide additional facilities other than two light-water reactors, Gallucci said "The issue should be worked out fundamentally between KEDO (Korean Peninsula Energy Development Organization) and North Korea."

"That issue is sensitive and varies from circumstances to circumstances," he said, adding that he would not go further on the issue.

Winston Lord, assistant secretary of state for East Asia and the Pacific affairs who also attended the press conference, meanwhile stressed that inter-Korean dialogue should go hand-in-hand with the implementation of the agreed framework.

Lord also urged the North to continue to freeze its nuclear facilities, saying that the freezing is an integral part of the implementation of the agreed framework.

The assistant secretary said that he has no reason to see any change in the North's strategy after Kim Il-song's death, although the North's acceptance of South Korean reactors will be a good barometer to gauge the North position after Kim's death.

Gallucci and Lord who flew into Seoul late Friday will depart for Tokyo Sunday for consultations with Japanese officials on the ongoing nuclear talks.

#### **U.S. Agrees KEDO To Choose Reactor**

*SK1106062995 Seoul YONHAP in English  
0624 GMT 11 Jun 95*

[FBIS Transcribed Text] Seoul, June 11 (YONHAP) — South Korea and the United States have decided to push through the adoption of the South Korean model of light-water reactors for North Korea by including in a final agreement of the current Kuala Lumpur U.S.-North Korea talks the clause that "the Korean Peninsula Energy Development Organization (KEDO) shall select a reference power plant."

A senior government official said Sunday the Seoul-Washington decision came during talks between government leaders and visiting U.S. nuclear ambassador Robert Gallucci and Assistant Secretary of State Winston Lord Saturday afternoon.

At the U.S.-North Korea talks in Malaysia, the two sides had tentatively agreed to have the KEDO select the type of the light-water reactors to be supplied to North Korea and a main contractor in the reactor project.

However, the official said, Saturday's decision was made at the urging of the South Korean Government which believed the tentative U.S.-North Korea agreement was not a sure guarantee of the use of a South Korean model.

"South Korea and the United States agreed on the clause as a final compromise plan and, therefore, if North Korea rejects the idea, the Kuala Lumpur meeting itself could be broken up," he said.

The official said that if the clause were included in a final agreement as planned, the KEDO would select Ulchin power plants Nos. 3 and 4 as the reference plant, thus making sure the adoption of a South Korean model.

Regarding North Korea's additional demand for the cost of subsidiary facilities, the official said the United States and North Korea have already agreed to discuss the matter at a later time between the KEDO and North Korea.

Therefore, if the compromise reactor plan were adopted, U.S. and North Korean negotiators would make public

a final agreement within the week to wind up the Kuala Lumpur talks begun on last May 20, the official added.

#### **ROK-Style Reactors 'Last Obstacle'**

*SK1206083395 Seoul KBS-1 Radio Network  
in Korean 0600 GMT 12 Jun 95*

[By reporter Nam Song-u from Kuala Lumpur]

[FBIS Translated Text] This morning, the United States and North Korea held a meeting of senior delegates and finally discussed the issue of specifying in the agreement the ROK's central role, the last obstacle in concluding the negotiations.

It has been learned that during today's meeting, the two sides decided to intensively discuss how to specify in the final agreement the important points demanded by the ROK Government, such as the make of the light-water reactors.

Following the meeting, (Chong Sung-il), an instructor at the North Korean Ministry of Foreign Affairs, told reporters that the two sides, the United States and North Korea, reached a provisional agreement on specifying the designation of the light-water reactors, and that the two sides are discussing other unresolved issues with their respective governments.

Prior to the meeting, North Korean delegate Kim Kye-kwan stated: Today it is our turn to receive a reply from the United States. Whether or not the talks are concluded, we plan to return to North Korea on 13 June.

Yi Yong-ho, deputy director of a department of the Ministry of Foreign Affairs; (Yi Kwang-chol), chief of its American Affairs Section; and interpreter Kwak Yong-hak left for Pyongyang on 11 June. At present, Vice Foreign Minister Kim Kye-kwan and (Chong Sung-il) are serving as the only delegates from North Korea.

Diplomatic sources in Kuala Lumpur predict the U.S.-North Korea talks will be settled tomorrow when the final instructions are received from their respective governments.

#### **Three DPRK Delegates Return Home**

*SK1206064995 Seoul YONHAP in English  
0638 GMT 12 Jun 95*

[FBIS Transcribed Text] Kuala Lumpur, June 12 (YONHAP) — Top negotiators from the United States and North Korea held a half-hour meeting here Monday morning to put the finishing touches on the joint agreement concerning the provision of two light-water reactors to North Korea under last October's nuclear accord.

After the talks, Chong Song-il, a member of the North Korean delegation to the Kuala Lumpur nuclear talks, said that "we have reached a tentative agreement and are consulting our home governments."

Three members from the North Korean delegation meanwhile left Kuala Lumpur for Pyongyang on Monday, sources here said.

They are Yi Yong-ho, deputy director general in charge of American affairs at the North Korean Foreign Ministry, Yi Kang-chol, director of American affairs bureau, and interpreter Kwak Yong-hak.

With the withdrawal of three delegates, the North Korean delegation has only two delegates including chief negotiator Kim Kye-kwan and Chong Song-il remaining in Kuala Lumpur, after two of North Korea's seven-member delegation returned to Pyongyang on June 6.

It is not clear at the moment whether the North summoned the two delegates [number as received] because it has virtually concluded the agreement with the United States on the nuclear issue or because the North wanted to put pressure on the United States at the final stage of the nuclear talks, the sources said.

#### Further Aid to DPRK Opposed

SK1106045595 Seoul CHOSON ILBO in Korean  
11 Jun 95 p 3

[Editorial: "What Is the True Intention of the United States?"]

[FBIS Translated Text] The "agreement in principle" between the United States and North Korea at the semi-high-level talks in Kuala Lumpur may be more concrete than the Geneva basic agreement. However, we cannot view that this agreement has boosted prospects for building light-water reactors in North Korea. This is because altering the ambiguous expressions a little will not guarantee that it will be easier to build light-water reactors in reality.

Information available at present indicates that the sides have agreed that North Korea and the Korean Peninsula Energy Development Organization [KEDO] will sign a contract for supplying light-water reactors to North Korea and that KEDO will sign a construction contract with an ROK company — that is, the Korea Electric Power Corporation. They reportedly agreed not to specify the type of reactors and the ROK's "leading role," but use ambiguous language to the extent that they can perceive what the language means. The United States seems to have assumed an affirmative attitude toward the additional expenses of \$1 billion in an effort to reach such an agreement.

However, strong indications are emerging that the United States intends to have the ROK pay the additional expenses. We think this issue has something to do with the visit to the ROK by nuclear ambassador Gallucci and Lord, assistant secretary of state for East Asian and Pacific affairs, to "coordinate views with the ROK." In short, the United States intends to promise the additional expenses of \$1 billion to North Korea in return for making the Geneva agreement clearer and put the burden on the ROK. We can say that the Geneva agreement will be complied with if North Korea does not reload its frozen reactor. Then, the U.S. Administration will be able to map out new Korean peninsula policy. North Korea will receive an additional \$1 billion on top of light-water reactors, build a foundation for improving relations with the United States, and receive heavy oil as promised. However, we will be burdened with additional expenses even while North-South dialogue is not being held. Even though we do not know when the additional expenses will be paid, it is clear they will restrain us.

As a matter of fact, complete North-South trust must be built to provide "ROK standard" light-water reactors with the "ROK playing a leading role." Otherwise, the construction of light-water reactors, which will make it inevitable for technicians and other officials of the North and South to cooperate closely in selecting a construction site and carrying out construction work and other work that requires state-of-the-art technology, will not proceed smoothly because different views and conflicts of interest will hamper the construction work all the time. We cannot repeatedly pledge monetary payments, when we clearly know merely writing a few pages of a letter of agreement will not do.

#### 'Incontestable Agreement' Urged

SK1206053595 Seoul CHUNGANG ILBO in Korean  
12 Jun 95 p 5

[Editorial: "The Agreement Must Be as Clear as Daylight"]

[FBIS Translated Text] We are keeping watch over the DPRK-U.S. light-water reactor talks in Kuala Lumpur as anxiously as a father watches over his child playing along the banks of a river. This is because we are worried that the United States may abruptly make concessions upon being duped by North Korea's diplomacy of brinkmanship and threats.

In view of this, it was a good thing that amid news reports of an imminent conclusion of the talks, our government clearly presented our Maginot line to U.S. nuclear ambassador [title as published] Gallucci and his party, which visited the ROK to explain the status of



the talks. From outward appearances, it seems that in meetings the United States tried to persuade us to accept the "tentative understanding" it has reached with North Korea, which is to North Korea's liking, but ended up confirming our logical and just position.

We would like to ask a few things of our government and the U.S. side. First of all, our government must explain for the Korean people the contents of the "persuasion package" brought by the Gallucci party. North Korea has been commenting via Pyongyang Radio and its delegation in Kuala Lumpur as though the agreement were an accomplished fact. This is unusual in view of North Korea's customary diplomatic practice. In other words, it may be proof that North Korea has achieved its objectives at the negotiations. We assume, of course, that the agreement, if there is one, was reached thanks to large concessions from the United States and that the abrupt visit to the ROK by Gallucci had something to do with this.

The government must be all too familiar with the public's growing concern that the United States may have agreed to ambiguous wording concerning the ROK-model light-water reactors and the ROK's leading role and promised to supply subsidiary facilities to North Korea.

Second of all, the United States must not again ignore the ROK's position and handle the issues at hand in the ambiguous manner with which it handled the Geneva agreement, in order to further its global strategy and seek its own interests. It must produce an incontestable agreement not only by specifying the use of ROK-model light-water reactors as a reference power station and the ROK's leading role, but by replacing ambiguous expressions such as the supply of "customary" subsidiary facilities with specifics. Moreover, it must acknowledge that the provision of electricity transmission facilities is not a topic of discussion.

We presume that the United States also realizes that this will keep it from starting off on the wrong foot as it did in the Geneva agreement, and that this is the shortcut to solving the nuclear problem properly.

#### **'Rigid' Stance Due to President Kim**

SK1206074995 Seoul HANGYORE SINMUN  
in Korean 12 Jun 95 p 3

[Article by reporter Chang Chong-su]

[FBIS Translated Text] The government's rigid position regarding the North Korean-U.S. talks on the light-water reactors first of all reflects the resolute stance of the Ministry of Foreign Affairs, the ministry primarily

tasked with handling the talks, but ultimately derives from President Kim Yong-sam's resolute attitude.

Some Chongwadae [presidential offices] aides to President Kim were reported to have positively assessed the provisional agreement of North Korean-U.S. Kuala Lumpur talks which referred to North Korea's acceptance of the ROK-model reactors in ambiguous terms, by saying: "This indicates that North Korea has in fact accepted the ROK-model reactors." President Kim, however, reportedly countered these remarks and revealed his stern attitude by stressing: "The ROK cannot accept the final agreement if it does not clearly specify ROK-model reactors and the ROK's central role."

While President Kim's resolute stance appears to be a negotiating card to counter North Korea's strategy of excluding the ROK from talks, there are strong indications that it derives from misgivings about double-play by the United States.

President Kim seems to have come to the conclusion that although the provisional agreement reached in Kuala Lumpur may be interpreted as having taken the preservation of North Korea's honor into consideration, it may, on the other hand, also be an ingenious trap to exclude the ROK from the talks.

The naming of a program coordinator as a support mechanism to the Korea Peninsula Energy Development Organization [KEDO], once it is established, is viewed suspiciously by the presidential offices of Chongwadae.

Although the program coordinator to be selected from U.S. enterprises appears to be limited to aiding the work of KEDO's light-water reactors, the government thinks that it may actually play the role of main contractor in charge of the design, construction, manufacture, and consultation regarding light-water reactors if North Korea refuses to allow ROK participation in the project.

As if to justify our concern, North Korea has reportedly indicated indirectly to the United States that it intends to reject the Korea Electric Power Corporation if it is selected as the main contractor, and that it will only hold working-level meetings with the program coordinator. Based on information gathered in Washington, Chongwadae and the Foreign Ministry believe that U.S. firms such as Westinghouse and Combustion Engineering are actively lobbying the Clinton Administration regarding North Korea's light-water reactor project.

President Kim's remarks to U.S. nuclear ambassador Robert Gallucci during his 10 June visit to Chongwadae, that "only when the North Korean-U.S. agreement specifies the ROK's central role in the design, construction, manufacture, and consultations processes for the light-water reactors, will the light-water reactors project be

smoothly implemented," reflects the need to shut the door against exploitation of the program coordinator's role.

**U.S. Congress Confirms ROK 'Central Role'**

SK1006034395 Seoul YONHAP in English  
0338 GMT 10 Jun 95

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The U.S. Congress Thursday evening passed an amendment to the Gilman bill which calls for South Korea to have a central role in the light-water reactor project, and also states that the U.S. Congress must be notified of any financial assistance the United States supplies North Korea or the Korean Peninsula Energy Development Organization (KEDO).

"It is further the sense of the Congress that the Republic of Korea should play the central role in the project to provide light-water reactors to North Korea under the agreed framework," the much-deliberated statement reads.

The U.S. State Department's North Korean policy bill is related to the North Korean obligations under the U.S.-North Korea agreed framework, signed in Geneva last October, other agreements regarding the denuclearization of the Korean peninsula and an inter-Korean dialogue.

The amendment also presses the U.S. Government not to further diplomatic ties with North Korea beyond opening liaison offices or relaxing trade and investment barriers, unless there is South-North Korean dialogue, the implementation of the North-South Korea joint declaration on peninsular denuclearization and the easing of tensions on the Korean peninsula.

The steps to ensure stability on the peninsula include the reduction and relocation of North Korean troops from the Demilitarized Zone and the checking of weapons activity in the communist republic.

The Gilman bill included recent findings, in particular, the apparent violations of the agreed framework by the North Koreans. Listing heavy fuel oil diversions, the refusal to accept light-water reactors from South Korea, constant "harsh denunciations" of the South Korean Government, and continued military aggression, the United States expressed their apprehension about North Korea's dubious commitment to the Geneva agreement.

A section of the amended bill clarifies the North Korean obligation to nuclear nonproliferation under the agreed framework, pressing for the removal of spent fuel rods from the country, the dismantling of the graphite nuclear reactors and its related facilities, and the right for the International Atomic Energy Agency (IAEA) to freely

conduct inspections to ensure no plutonium is being produced and that the North's nuclear facilities remain frozen.

The United States clearly affirms in the amendment that if the North reloads its 5-megawatt nuclear reactor, or moves to defrost its nuclear facilities, then they will "suspend actions described in the agreed framework."

**IAEA: DPRK Conducts Maintenance at Reactor**

SK1206114395 Seoul KBS-1 Radio Network  
in Korean 1100 GMT 12 Jun 95

[Report by correspondent Cha Man-sun from Vienna]

[FBIS Translated Text] It has been learned that North Korea conducted maintenance inside the 5-megawatt atomic research reactor which was frozen since April last year for the purpose of putting it into operation again.

North Korea is reportedly also planning to carry out maintenance at the radio-chemical experimental laboratory, which is a reprocessing facility.

At a meeting of the Board of Trustees of the International Atomic Energy Agency [IAEA] that opened this afternoon, IAEA Secretary General Hans Blix reported North Korea had carried out the maintenance on the 5-megawatt atomic reactor in the presence of inspectors. Secretary General Blix added he understood North Korea is planning to conduct maintenance on the radio-chemical experimental laboratory.

Nuclear experts analyze such a move by North Korea as a prearrangement aimed at putting the 5-megawatt atomic reactor and the radio-chemical experimental laboratory into operation again in case the North Korea-U.S. talks related to the light-water reactors break down.

**IAEA Views Ulchin Reactor's Safety Features**

SK1006002695 Seoul YONHAP in English  
0012 GMT 10 Jun 95

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The International Atomic Energy Agency (IAEA) said Friday that the various advanced safety features and additional design improvements made on Ulchin nuclear power plant Units 3 and 4 should increase the overall level of safety of those reactors compared with the model's earlier design.

Issuing a statement at the end of a 12-day review of the Ulchin units, commonly called Korean standard nuclear power plants, which started May 29, an IAEA design safety review commission concluded that the Ulchin units' design has been further updated and modernized

and has improved the reactors' abilities to cope with possible accidents.

During the review carried out by seven international experts from Belgium, Brazil, France, Germany, Japan, United Kingdom and the United States along with two IAEA staff members, the IAEA commission also concluded that the Ulchin units have a number of advanced safety features to deal with accidents involving fuel failure such as an improved reactor cavity design, provision for reactor cavity flooding, and installation of hydrogen igniters.

During the review, which focused its study on design safety differences between the Ulchin units and the Yonggwang units, their predecessors, the IAEA mission also evaluated the capacity of the Korea Institute of Nuclear Safety (KINS) to perform safety design evaluations since it reviewed the Yonggwang units, according to the statement.

North Korea has insisted that it will not accept Ulchin units citing safety reasons.

#### **Russian Officials Interviewed on Reactors**

SK1006024895 Seoul SISA JOURNAL in Korean  
15 Jun 95 pp 12, 13

[Interview with Igor Rogachev, Russian ambassador to the PRC, and Aleksandr Panov, Russian vice foreign minister, by Dr. Yi Chang-chu, a guest editor of SISA JOURNAL and visiting professor at Moscow University; date, place of interview not given — first paragraph is SISA JOURNAL's introduction]

[FBIS Translated Text] What is Russia's position on North Korea's nuclear issue, which is a matter of urgent concern at present? Why is Russia not participating in the Korean Peninsula Energy Development Organization (KEDO), an international consortium organized to supply North Korea with light-water reactors? And, what is Russia's stance on North Korea's call for the conclusion of a peace agreement? Dr. Yi Chang-chu, a guest editor of SISA JOURNAL and a visiting professor at Moscow University, recently met Igor Rogachev, Russian ambassador to Beijing, and Aleksandr Panov, Russian vice foreign minister, to hear the Russian Government's position on such questions.

[Yi Chang-chu] The prevailing view among diplomatic circles in Beijing is that Russia and the PRC are maintaining honeymoon relations. Why are Russia and the PRC taking a wait-and-see attitude, while refusing to participate in KEDO in the process of resolution of the nuclear issue on the Korean peninsula?

[Rogachev] At present, Russia and the PRC are very friendly to each other and maintain cooperative rela-

tions. The volume of trade between the two countries is steadily increasing and exchanges are actively underway in all fields. We estimate that the market economy in the PRC is now achieving success. This is a foundation on which relations between the two countries can develop on a continued basis in the future. And furthermore, we think that this can also contribute to peace and development of Northeast Asia. Russia will actively support military science and technology which the PRC needs. Russia and the PRC are also closely cooperating with each other with regard to the question of the Korean peninsula. We expect that the U.S.-North Korean talks will be settled successfully and the question of supplying North Korea with light-water reactors will be solved smoothly.

[Panov] In the beginning, KEDO was inaugurated in the midst of North Korea's strong resistance. The United States has been trying to have U.S. enterprises play a leading role in connection with the model of the light-water reactors, while having the ROK participate in construction of the light-water reactors. Japan has been trying to take advantage of its participation in KEDO as a core member for the purpose of establishing diplomatic relations between North Korea and Japan. The ROK has been trying to have a decisive influence over North Korea by playing a central role in the light-water reactors project. In other words, each of the three countries maintains a high-level strategy and has worked out a high-level balance sheet of its own. We can say that North Korea has seen through the ulterior motives of the ROK, the United States, and Japan. In particular, North Korea has been guarding against the ulterior motives of the ROK and Japan. Under these circumstances, we believe that it will be realistically difficult for Russia or the PRC to participate in KEDO in a "cameo role."

[Yi] After the United States and North Korea signed a framework agreement in Geneva in October 1994, the Berlin talks on the light-water reactors, which were held to implement the framework agreement, broke down. The United States and North Korea are opposed concerning the type of light-water reactor model to be used. What is your opinion?

[Rogachev] According to high-ranking North Korean officials and the North Korean ambassador to Beijing, whom I have met, under the present circumstances it appears that North Korea will never accept an agreement on light-water reactor supply in which the ROK will be a principal contractor, even if the Geneva framework agreement is abrogated. According to Roy, U.S. ambassador to Beijing, the United States, too, fully understands this. It appears that the U.S. Government will have no choice but to accept, in the long run, such



a position of Pyongyang. Frankly speaking, none of the bargaining chips concerning North Korea's nuclear issue, which the ROK has so far put forth through consultations with the United States, has materialized. This is because the ROK has adopted a method of pushing for its approach to North Korea on the strength of international opinion and money, while paying no attention to the reality and relevant circumstances. You should not look at North Korea from the viewpoint of general international diplomacy. Today's North Korea is not a country on which Russia or the PRC can exercise their influence as in the past.

[Panov] The fact that North Korea is not accepting ROK-style light-water reactors does not mean that North Korea is not implementing the Geneva U.S.-North Korean agreement. Therefore, no one can call for imposing sanctions against North Korea through the United Nations on this basis. Russia is clearly opposed to this point; and we believe that the PRC, too, shares our view. Russia believes that if the ROK, whose national strength is far greater than that of North Korea, takes a position of giving aid to North Korea, rather than to call for the imposition of sanctions against North Korea, this will be conducive to solving the relevant question.

**"Sometime in the Future, the Armistice Agreement Should Be Replaced With a Peace Agreement"**

[Yi] At present, Russia and North Korea are maintaining a close relationship. We understand that the Treaty of Friendship, Cooperation, and Mutual Assistance, which Russia and North Korea concluded in 1961, will be either automatically extended or revised in September 1996. The ROK takes great interest in whether Article 1 of this treaty on automatic military intervention will be revised. What is the Russian Government's position on this? Would you please explain?

[Rogachev] Most of North Korea's economic structure or social overhead capital were established with aid from the former Soviet Government. Accordingly, as long as there is no special political conflict between the two countries, Russia and North Korea have no choice but to maintain a mutually close relationship. Russia and North Korea once had a considerable amount of consultations on the question of construction of light-water reactors, an issue that has been much debated recently. The Russian Embassies in Beijing and Pyongyang are making efforts to develop the two countries' relations, while maintaining permanent liaison channels between them. As soon as he took office last year, President Yeltsin appointed me a special envoy to Pyongyang. A major agenda item for discussion at that time was to notify Pyongyang that the Russian Federation would

carry on the treaty of friendship, which the former Soviet Union and North Korea concluded in 1961. This was a kind of renewal of a contract. At present, the two countries are observing this treaty.

[Panov] The Treaty of Friendship, Cooperation, and Mutual Assistance between Russia and North Korea, which will expire in September 1996, will be automatically extended for five more years unless there exists a difference of views between the two countries. In principle, this treaty will be continuously maintained. However, we think there is a need to make some revisions or some changes to Article 1 on automatic military intervention. We do not think, however, that this article will be deleted. Russia cannot unilaterally abrogate it under the circumstances in which the PRC and North Korea are maintaining a similar treaty.

[Yi] In recent days, North Korea has been calling for incapacitating the Armistice Agreement system and, instead, calling for the conclusion of a peace agreement. What do you think of this?

[Rogachev] In principle, it is wrong for North Korea to try to abrogate the Armistice Agreement. This notwithstanding, we believe that either South or North Korea can put forth, and discuss, the question of replacing the Armistice Agreement with a peace agreement. In the process of moving toward the unification of the Korean peninsula, the Armistice Agreement should be replaced with a peace agreement sometime in the future. If North Korea attempts to isolate the ROK and maintain a military channel with the United States, we will not support such an idea.

[Panov] We think that North Korea can put forth the question of replacing the Armistice Agreement with a peace agreement, but that proper priority should be given to the U.S.-North Korean negotiations. That is, after the question of supply of the light-water reactors is smoothly resolved, the United States and North Korea can discuss the question of a peace agreement.

[Yi] ROK intellectual circles and a group of international experts on the Korean peninsula feel that the four big powers in Northeast Asia, including Russia, the PRC, the United States, and Japan, basically do not want the unification of the Korean peninsula. Would you please give your candid opinion about this?

[Rogachev] Up to now, Russia has taken a passive attitude to the question of the Korean peninsula in political terms, compared with the three other countries. In other words, Russia has maintained a position of noninterference. This is aimed at letting the parties concerned solve the question of the Korean peninsula themselves. We admit that the former Soviet Union

was responsible, to some degree, for the division of the Korean peninsula. Therefore, Russia has maintained such a policy with a view to creating an appropriate environment for independent and peaceful unification of the Korean peninsula.

[Panov] Russia does not put forth any preconditions on the question of unification of the Korean peninsula. We expect that South and North Korea will reach a consensus in achieving their unification; and to this end, Russia will render whatever cooperation it can give. Honestly speaking, the four countries, including Russia, the PRC, the United States, and Japan, are either passive players, onlookers, advocates of the status quo, or opponents as far as the unification of the Korean peninsula is concerned. It is up to the ROK to judge which is which.

[Yi] South-North relations have remained politically strained and dialogue has remained suspended. What does Russia think is the basic question of the Korean peninsula, and where does Russia think such a question originated?

[Rogachev] There may be several issues. We think that basically, the big problem lies in the ROK's hard-line policy shown at the death of President Kim Il-sung. The ROK could have made the most of that opportunity with a smooth policy, rather than such a hard-line policy. If the ROK Government, which had been led by hard-line forces, had any difficulty working out proper countermeasures at that time, it would have been wise to let even the civilian sector take the initiative in opening a channel. At present, the best option will be to galvanize and give active support to civilian-level exchanges. One such way will be to enhance the role of overseas compatriots, like those in the PRC. We feel that the control of the ROK Government, which is thoroughly restricting civilians' approach to and exchange with North Korea, is unduly excessive and exclusive. You never need to have any kind of complex about North Korea.

#### **U.S., DPRK Officers Meet at Panmunjom 8 Jun**

SK1006030195 Seoul CHUNGANG ILBO in Korean  
10 Jun 95 p 2

[Report by Kim Min-sok]

[FBIS Translated Text] It was learned on 9 June that the United States and North Korea held a meeting of working-level officers on the morning of 8 June inside the Joint Security Area in Panmunjom and discussed the proposed generals contact.

An ROK Defense Ministry official said: "Lieutenant Colonel Flurry [name as transliterated], staff officer of

the U.S. component of the Military Armistice Commission [MAC]; and Major Yu Yong-chol (a lieutenant colonel in the ROK Army) [as published], staff officer of the North Korean component of the MAC, held a working meeting at 1000 on 8 June." He also said: "North Korea again requested a North Korean-U.S. generals contact at this meeting. However, the U.S. side rejected the North Korean offer, maintaining its previous position that the ROK opposed such a contact. As a result, no generals contact will be held."

#### **U.S., DPRK Firms Sign Magnesia Trade Accord**

SK1106012495 Seoul YONHAP in English  
0117 GMT 11 Jun 95

[FBIS Transcribed Text] New York, June 10 (YONHAP) — American and North Korean firms concluded here in New York Saturday a contract for the U.S.' import of North Korean magnesia, it was reported here.

The New York-based Mineral Technology Co. said in a press release it signed the contract with the Magnesia Clinker Trade Co. of North Korea.

The contract calls for mineral technology's import of tens of thousand [of] tons of magnesia from North Korea and the payment of its price reaching millions of dollars to North Korea.

The American company, however, did not disclose details of the contract such as the time and method of shipping and the way of price settlement.

This is the first direct U.S.-North Korea trade deal after the Clinton administration partially eased trade restriction against North Korea based on last October's Geneva framework agreement.

"We are pleased to have signed the contract with North Korea," a Mineral Technology official said. "We had to apply for the import of North Korean magnesia because China raised its magnesia price by 100 percent."

North Korea abounds with the deposits of magnesia, a fireproof material used mainly at steel plants.

#### **U.S. Said Reluctant To Supply Radar System**

SK1106064995 Seoul YONHAP in English  
0628 GMT 11 Jun 95

[FBIS Transcribed Text] Seoul, June 11 (YONHAP) — The United States keeps shunning the supply of ASPJ electronic disturbance system to Korea despite a governmental contract signed in 1993, a Defense Ministry source said Sunday.

Because of the shun, the country suffers a grave setback in its plan to equip F-16 fighter planes with the

sophisticated ASPJ device under the "next-generation fighter plan (KFP)," he said.

ASPJ is a system that makes enemy's air defense system powerless prior to air actions against an enemy.

In 1993 the Defense Ministry and Pentagon concluded a contract for the supply of 40 ASPJ units at 120 million dollars under the foreign military sales (FMS) method. Korea has already paid 9.4 million dollars under the contract.

After Pentagon gave up the ASPJ scheme as the system's development failed to go on smoothly, however, Washington informed Korea it could not supply the system under the FMS method.

Pentagon suggested instead that Korea purchase the device directly from its producer, ITT, while offering a governmental guarantee of the software sector only of the ASPJ system.

If Korea obtains the item directly from ITT, it has to conclude a contract with the firm anew and the cost of the procurement could be much higher, he said.

The source also said that Korea asked the United States to refund the 9.4 million dollars already paid if it cannot live up to the contract.

But, Washington did not give a clearcut answer, simply saying the matter could be discussed further at a later time, he added.

#### **Fines Sought Against Soldiers in Subway Incident**

*SK1006090295 Seoul YONHAP in English*  
*0855 GMT 10 Jun 95*

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The Seoul District Prosecutor's Office on Saturday indicted one American serviceman who allegedly assaulted a Korean man in a Seoul subway station May 19 on charges of violating a law governing violence.

The prosecution referred to a summary court two other American soldiers and the Korean wife of the indicted serviceman, seeking fines ranging from 500,000 won (654 U.S. dollars) to 1.5 million won (1,963 dollars).

Indicted is Sgt. Frank Golinar, 31, who allegedly took part in the assault most positively.

The prosecution sought a fine of 1.5 million won against Cpl. Grant Groff, 24, and a fine of 500,000 won each against Sohi Golinar, 24, the wife of Sgt. Golinar, and Cpl. Garry Dorr, 28.

The four, supposedly drunken, allegedly fondled a Korean woman in a Seoul subway line No. 3 train, and assaulted Cho Chong-kuk, who attempted to stop them at Chungmuro subway station at around 10:40 pm [1340

GMT] May 19, inflicting on him injuries requiring three weeks of medical treatment to recover.

#### **Hunger Striker Protests Attack by U.S. Soldiers**

*SK0906021495 Seoul YONHAP in English*  
*0644 GMT 8 Jun 95*

[FBIS Transcribed Text] Seoul, June 8 (YONHAP) — Cho Chong-kuk, 28, began a hunger sit-in at 11:00 am Thursday [0200 GMT 8 June], urging the U.S. Army to openly apologize for an alleged attack a group of U.S. soldiers made on him.

Cho said he is staging the sit-in out of "anger" at hearing that the U.S. soldiers denied being the assailants in the attack and their insistence, on the contrary, on their being victims.

Sitting in front of Gate No. 1 of the Eighth U.S. Army Command post at Yongsan, Seoul, Cho also demanded South Korea exercise jurisdiction over the U.S. soldiers as well as force the U.S. Army to make reparations for his injuries.

Cho was allegedly beaten by a group of U.S. soldiers and their family members at the Chungmuro subway station at 10:50 pm on May 19 after he confronted them for harassing a Korean woman.

Shortly after the alleged attack occurred last month, USFK [U.S. Forces Korea] claimed that the U.S. soldiers involved in that particular case were not assailants but victims.

Col. Michael V. Sullivan, USFK public affairs officer, said in a statement, "At this point, we believe our soldiers could more properly be described as victims in these events and not, as the Korean media has portrayed them, as drunken, unruly predators."

Meanwhile, the "Headquarters for Eradication of Crimes by U.S. Forces in Korea" plans to accompany Cho in his hunger strike Thursday afternoon, and will launch a petition drive for full revision of the Korea-U.S. Status of Forces Agreement (SOFA) as well as hold a rally denouncing the alleged crimes committed by U.S. Forces here on June 9 and 10.

#### **Civic Group Counters 'Crime by U.S. Troops'**

*SK0906024995 Seoul YONHAP in English*  
*0133 GMT 9 Jun 95*

[By Katherine Y. Kim: "Civic Campaign Group Calls for 'Just and Equal Revision' of SOFA"]

[FBIS Transcribed Text] Seoul, June 9 (YONHAP) — "The National Campaign for Eradication of Crime by U.S. Troops in Korea," a local civic movement



group comprised of 23 member organizations, including women's, Christian and labor groups, states that their purpose is to "search and investigate all kinds of crimes by U.S. troops committed against Koreans, as well as to work for the revision of the SOFA (Status of Forces Agreement) that guarantees equal rights."

The campaign group asserts to be working towards the full independence of Korea as a nation.

When the U.S.-Korea SOFA went into effect almost three decades ago, in February 1967, a statement by the group says, the content of the pact was meant for Korea to subordinate to the U.S. military.

Cho Chae-hak, the executive secretary of the campaign group, decries that as a result, the U.S. servicemen often take disparaging attitudes towards Korean nationals.

"When the U.S. military comes to Korea, they should respect Korean history, culture, society and the people," Cho insists. "But because they came with the idea that they are here to guard us, they regard us with disrespect."

Therefore, the spokesman says, there are many crimes and actions of misconduct, some committed "for no reason," that makes "Korea seem like a colony."

Perhaps in the face of a recent slew of incidents involving Korean nationals and U.S. military personnel and the resulting protests that have erupted among angered Korean citizens, Korean Government officials have said that they would soon seek amendments to several controversial provisions in the SOFA.

But the national campaign is seeking a revision to the entire pact, citing its "inherent inequalities."

The SOFA was last revised in February, 1991, but the campaign group claims that just a few articles were reissued, "but the ones that must be revised were not touched at all.

"The contents still remain to tell Korea to submit to the U.S. military," the group's statement reads.

The main issue of contention is article XXII, which focuses on criminal jurisdiction.

According to clause 3AII of the agreement, "the military authorities of the United States shall have the primary right to exercise jurisdiction over members of the United States armed forces or civilian component, and their dependents, in relation to offenses arising out of any act or omission done in the performance of official duty."

Jim Burns, an officer and alternate U.S. secretary at the Office of the Special Assistant for SOFA/International Relations and SOFA Secretariat, confirmed that currently a U.S. general-grade officer, on the advice

of a staff judge advocate, issues the certificate of official duty.

The civic organization complains that since the USFK [U.S. Forces Korea] can determine if an official is "on-duty" or "off-duty," it limits the Korean police's ability to exercise jurisdiction.

A variety of statistics have been offered by the Korean media concerning the cases in which the Korean courts exercise jurisdiction. The civic group lists that the suspects are only tried in court 0.7 percent of the time, as opposed to Japan, where they are tried 32 percent of the time.

But the USFK criticizes the use of these statistics, claiming the large discrepancies in cases in Japan and Korea are due to the Korean police's decision to waive traffic violations, the majority of offenses by servicemembers, or pass them on to the USFK to leave it up to the U.S. military to determine a punishment.

"Of the total number of incidents that are reported as being committed by USFK military members in 1994, the vast majority were simple traffic citations and minor vehicular accidents, that normally would not be prosecuted to trial if committed by Koreans," Burns explains.

But for serious crimes, including rape, manslaughter, and traffic accidents involving alcohol, the Korean Government "exercises jurisdiction in 100 percent of all criminal cases that it deems of particular importance," the USFK-SOFA official asserts.

In 1994, according to USFK statistics, there were 26 "serious crimes" involving U.S. servicemen and the Korean Government took responsibility for all of them.

The campaign group acknowledges that in cases involving an officer who is clearly off-duty, Korean courts are allowed by the SOFA to claim jurisdiction, but opines that the courts don't use their power often enough. The spokesman blames the Korean Government for appeasing the United States, fearful of severing diplomatic ties, by dismissing criminal cases involving American soldiers.

The national campaign also denounces the practice of detaining suspected U.S. servicemen in U.S. military compounds. Critics cite that Japan, under the U.S.-Japan SOFA, can keep the suspect in a Japanese facility after official indictment.

Burns confirms that the Japanese holds the authority to keep the suspect, but "traditionally releases the accused service members to military custody" until judicial proceedings are completed.

Different standards in correctional facilities, human rights abuses and communication and cultural barriers are listed as examples as to why the Japanese police hand them over to the military police.

In Korea, the accused are delivered to the MPs, so that "the USFK member can continue to perform his mission of assisting in the defense of Korea," says the SOFA spokesman, adding that "it just makes good sense to leave an accused member of USFK in U.S. military custody."

The rights guaranteed under the SOFA agreement are similar to the U.S. and Korean Constitutions including: The right to a prompt and speedy trial, the right to have legal representation of choice for defense, and the right to be informed in advance of the charges made against them.

According to the SOFA Secretariat, 100 percent of the cases taken involving U.S. troops resulted in convictions, such as fines, civil assessments, and jail sentences. But parts of the sentences for some were "suspended conditioned on the person's continued good conduct."

Prisoners are taken to Chonan Juvenile Detention Facility to serve out their time.

Other SOFA articles under dispute, which the national campaign claims indicates the inequality in the pact, are the lack of environmental liability by the U.S. on the land used for military facilities, the stemming of black marketeering from the Post Exchange (PX), and labor rights for the 16,000 Korean civilian who work for the USFK.

However, Burns counters that the USFK has spent "millions of dollars" over the past several years to identify and clean up potentially hazardous pollutants, that they have a "very active anti-black marketeering campaign" with a new limited access system, and that the "USFK must conform, as differentiated from absolute compliance, its labor practices to be in substantial agreement with those required by ROK labor law."

It is readily apparent that the much-disputed SOFA agreement gives rise to the adage, "there are two sides to every coin."

Currently, the national campaign is supporting the hunger strike by Cho Chong-kuk, the man allegedly beaten at Chungmuro subway station by a group of off-duty, inebriated American servicemen May 19.

Cho resumed his protest Thursday morning at Yongsan Gate 1. About 100 members of the organization are expected to join him Friday and Saturday in a rally.

Five or six members plan to join Cho in his hunger strike, in hopes that the soldiers will come forth and

"apologize" for their alleged crimes. They also stress that U.S. GI criminal activity must be eliminated and request reparations from the USFK for the alleged assault, the executive secretary of the group declares.

The civic campaign group was founded on Oct. 26, 1993.

**Article Views Protests, Urges SOFA Revision**  
*SK0906141995 Seoul SISA JOURNAL in Korean*  
8 Jun 95 pp 30-31

[Article by So Song-min]

[FBIS Translated Text] The Chungbu Police Station in Cho-tong, Chung-ku, Seoul was turned overnight into a place of denouncing U.S. servicemen due to a criminal case involving them. In front of the Chungbu Police Station on the afternoon of 26 May, more than 100 people, including students and members of dissident organizations, gathered under the auspices of the "National Headquarters to Eradicate the Crimes Committed by Servicemen of the U.S. Forces Korea [USFK]." They staged a demonstration calling for revision of the humiliating Status of Forces Agreement [SOFA].

As far as USFK servicemen's crimes within its jurisdiction are concerned, the foreign affairs section of the Chungbu Police Station have had almost nothing to handle until recently. Then, upon receiving a report by citizens at around 2310 on 20 May that USFK servicemen were using violence, the police station dispatched its policemen to the Chungmuro Subway Station of Subway Line No. 3, which is located within its jurisdiction, thereby taking on "a big case."

The Chungbu Police Station transferred the relevant USFK servicemen to the U.S. military authorities in accordance with the SOFA regulations specifying that in case the USFK authorities demand, criminal suspects shall be transferred to the USFK authorities. The detectives at the police station's foreign affairs section even failed to receive a statement from the suspects, because the four USFK servicemen, including private first class Abraham Anderson, 21, of the 142d Military Police Unit of the 8th U.S. Army, who participated in the violence, exercised the right of silence. Yi Chong-hui, assistant chief of the foreign affairs section, said: "USFK servicemen rarely admit what they are suspected of. This time, too, we had to send them back because they exercised the right of silence."

However, in the wake of the media reports that Mr. Cho Chong-kuk, 28, was beaten by USFK servicemen, citizens have been raising their voices criticizing the police for lethargic investigation. Then, the Chungbu Police

Station summoned those U.S. servicemen and conducted a 10-hour interrogation on 25 May. A U.S. Government representative was present at the interrogation. This is because the SOFA regulations do not approve the validity of written evidence without the presence of a U.S. Government representative.

According to the foreign affairs section of the Chungbu Police Station, the accusation that one of those USFK servicemen touched an unidentified Korean woman on the hip does not constitute a crime, unless the female victim shows up. This is because sexual harassment is an offense subject to prosecution only upon the relevant party's complaint. Some of the USFK servicemen admitted their violence on Mr. Cho, but they made excuses only, saying that they did it for self-defense or saying that their acts were not intentional.

Another problem lies in the lack of investigation capability of the foreign affairs sections at police stations. When Ms. Yun Kum-i was murdered in Tongduchon, none of the police at Uijongbu Police Station could speak in English. As a result, the police station transferred private first class Markle to the U.S. military authorities without conducting any sufficient investigation. In preparation for the Seoul Olympic Games, the police selected 140 foreign affairs detectives who had command of English. At present, however, the number of such detectives is about 90. The Seoul Metropolitan Police Agency has 10 such detectives and the Yongsan Police Station has 11 such detectives. About two to three such detectives are currently assigned at each major police station. This notwithstanding, the police stations in the local regions where U.S. military bases are stationed, have an insufficient number of English-speaking detectives because they are reluctant to work there.

As a result of the violent incident in the subway by U.S. soldiers, people are paying attention more than ever to crimes committed by U.S. soldiers. For the first time, on 22 May the minister of national defense sent a letter of protest to the commander of the USFK.

On 24 May, the foreign minister, the justice minister, and the home affairs minister held a meeting of related organizations to discuss and deal with the issue. During the meeting, they reportedly agreed to review the most unfair SOFA articles, including those pertaining to jurisdiction over crimes committed by U.S. soldiers such as articles that specify the ROK should transfer suspected U.S. soldiers to U.S. military authorities upon their request or that do not recognize statements made by suspected soldiers. Thus, they are hastily moving to revise the SOFA.

The SOFA was signed in July 1966 and took effect February 1967. Since the Taejon Agreement, which

was signed immediately after the Korean War, gave exclusive jurisdiction to the USFK and its civilian employees as well as guaranteed their privileges, thus causing crimes by USFK soldiers, the SOFA was signed to replace it. However, additional documents, such as minutes of an agreement and a memorandum of understanding of an agreement, have distorted the contents of the SOFA. The ROK and the United States discussed revising the agreement in 1988, and revised and effectuated it in 1991. However, unbalanced elements still exist in the additional documents.

The articles that cause the main problems at present are the contents of a minute of an agreement regarding (C) of Clauses 2 and 3 of Article 22 of the SOFA, specifying that the ROK authorities will relinquish exclusive jurisdiction and first-stage jurisdiction if it is requested by U.S. authorities. In addition, (A) of Clause 3 of Article 22, which specifies the U.S. military authorities are the subject who assesses if the U.S. soldiers committed their crimes in the execution of their duties, also causes problems. The ROK Government cannot exercise jurisdiction over crimes committed by U.S. soldiers in the execution of their duties. This is an unfavorable article against the ROK that does not exist in Japan and NATO. Of 896 cases (711 by U.S. soldiers and 185 by U.S. civilian employees) committed by U.S. personnel throughout the country last year, the ROK exercised jurisdiction over crimes committed by soldiers in only 18 cases; this accounts for only 2 percent of the total crimes. However, the exercise of jurisdiction by the ROK Government over all SOFA-related crimes accounts for 22.7 percent.

Besides this, some scholars and lawyers have pointed out there are more articles that should be revised, such as articles specifying the ROK should transfer suspected U.S. soldiers to the USFK when it is requested by the U.S. military authorities; that after arresting U.S. soldiers who commit crimes, the ROK should allow representatives of the U.S. Government access to them; that a statement made in the absence of the representative cannot be recognized as proof of their guilt; and that the ROK cannot exercise jurisdiction over U.S. soldiers who flee to U.S. bases after committing crimes.

However, while carrying out the work to revise the SOFA, the government believes the SOFA itself cannot become an issue given the status of the U.S. troops stationed in the ROK and the special characteristics of the Army. It has been stated that by taking ROK Army cases as examples, crimes committed by soldiers will be handled by military courts and not civilian courts.



It was pointed out that the statistical data of jurisdictional control by NATO (52 percent), Japan (52 percent), and the Philippines (21 percent) over crimes committed by U.S. soldiers, which has been frequently noted by the press, is incorrect.

Kim Uk, chief of the second section of North American Affairs in the Ministry of Foreign Affairs, stated: "The amount of jurisdiction exercised by the ROK over crimes committed by U.S. soldiers last year, including crimes committed by U.S. military civilian employees and their dependents, accounts for 22.7 percent of the total crimes. However, the proportion of Japan's jurisdiction exercised over crimes committed by U.S. soldiers is high because Japan files lawsuits against all kinds of traffic incidents. In the ROK, traffic accidents are not subject to lawsuits if they are not applied to the special law on traffic accidents. Seventy percent of the total crimes committed by U.S. soldiers in the ROK are related to traffic accidents. Therefore, the proportion of ROK jurisdictional exercise cannot help but be low." Kim added that it is not proper to randomly quote statistical data on crimes committed by U.S. soldiers in countries that possess a different situation from our country, never confirming its origin and date.

Chong Tong-ki, chief of the fourth prosecution section in the Ministry of Justice, stated there are problems with the press attitude in our country. He said that during the stage when the truth has not been disclosed, the press should not drive the USFK into a corner and judge the suspected U.S. soldiers in the court of public opinion. Chong stated: "We should protest the USFK after finding out the truth. I believe this is the reason why the USFK has issued a statement indicating they are victims as well. In particular, I expect we should not raise the sovereignty issue. Can we say that because some people are badly treated or harmed by U.S. soldiers, we don't have sovereignty?"

However, as is known, the reason the United States forced the ROK to sign an agreement unfavorable to the ROK is due to its distrust of the ROK police's lukewarm investigation practices, of the police's low regards for human rights, and of the uncomfortable prison facilities. We can prevent U.S. soldiers from committing crimes and taking advantage of the unfair SOFA status only if the police express a willingness to actively investigate crimes from the beginning, thus improving jurisdictional situations within the ROK.

#### **Article Says SOFA 'Unequal,' 'Unfair'**

*SK1006130095 Seoul CHUGAN CHOSON in Korean  
8 Jun 95 pp 84-85*

[Article by political desk reporter Ku Song-chae: "Crime Is One Thing and Dealing With Crime Another — The 'High' Position of the U.S. Forces in Korea Is Unequal and Unfair Compared to Their Position in Germany and Japan"]

[FBIS Translated Text] With a successive occurrence of violent incidents by U.S. soldiers in the ROK, public opinion feels the Status of Forces Agreement [SOFA], known as the ROK-U.S. administrative agreement, is unequal and unfair. People also assert that the legal rights of the ROK, the recipient country, have been restricted in light of the "The London Agreement on the Position of NATO," which is a representative treaty on the legal position of foreign troops, and the "U.S.-Japan Agreement on the Position of U.S. Forces in Japan." In particular, the degree of the ROK's legal rights being infringed upon in crime-related incidents is more serious than in such recipient countries as Germany and Japan. In view of Germany and Japan being defeated in World War II, the relative degree of our sovereignty being infringed upon is indeed serious.

The SOFA was revised twice, in 1967 and 1991. It is divided into main chapters, minutes, and memorandum.

Above all, the scope of jurisdiction over criminals is restricted. According to agreements between the ROK and the United States, and to decisions of the U.S. Supreme Court, our court cannot exercise jurisdiction over civilians belonging to U.S. Forces or over their families. On the other hand, the NATO agreement and the U.S.-Japan treaty stipulate that the scope of criminal jurisdiction is over "everyone subject to military law." Thus, they have enabled the recipient countries to exercise court jurisdiction over military civilians as well as their families.

#### **Is U.S. Soldier's Certificate for Official Business an Indulgence?**

Court jurisdiction is the next issue. The agreed minute stipulates that "the ROK, recognizing the main responsibility of the U.S. authorities for maintaining order and discipline, shall abandon initial court jurisdiction except in cases in which the ROK decides it is particularly important to exercise its jurisdiction and in the event the U.S. military authorities so request"; this essentially restricts the court's jurisdiction. In addition, the agreed memorandum lists only murder, burglary, and rape as major crimes, excluding cases of violence that frequently occur, thus causing serious problems.

The initial jurisdiction in Germany is also restricted in a degree similar to ours. The relevant regulation stipulates that Germany shall abandon initial jurisdiction if the United States so requests.

Third, the point of dispute is the concept of official business. Paragraph 3 of Article 22 of the agreement stipulates the United States exercises initial jurisdiction over crimes committed during the execution of official business. The standard for official business is determined by whether the person carries a certificate issued by a general-grade officer in accordance with the advice of a judge advocate officer. However, many point out that this certificate has been used as an indulgence for criminal acts by U.S. soldiers.

The cases of Germany and Japan are not greatly different from ours. In the case of Japan, unless a clear basis is presented, the certificate is valid for deciding on official business. Of course, the final judgment is to be made by the court of the recipient country. However, according to remarks by an ROK Foreign Ministry official, this case is very rare.

The right of investigation is also restricted. Even in case of initial jurisdiction being exercised by the ROK, U.S. authorities are supposed to detain the suspect. As the result, free investigation of and access to the suspect is not ensured.

Paragraph 3 of Article 22 of the agreement stipulates that "U.S. military authorities will continue to detain a suspect who is a member, civilian, or family member of the U.S. military over whom the ROK exercises jurisdiction, in the event the suspect is in the hands of U.S. military authorities, until all trial procedures are finalized and as long as the ROK requests his detention." This paragraph stipulates that even if the suspect is in the hands of the ROK, "the suspect should be handed over to the U.S. military authorities upon request."

Because of these paragraphs, there is no way for the ROK to demand the physical transfer of a U.S. soldier if he hides within a U.S. military base, thus hindering the exercise of jurisdiction. On the contrary, in Germany authorities can arrest and detain a U.S. soldier without a warrant if it concerns a flagrant offense. Moreover, they can confiscate weapons within U.S. military facilities and military districts without the consent of U.S. military authorities.

The NATO agreement and the U.S.-Japan treaty stipulate the suspect should be turned over to the nation exercising criminal jurisdiction. Moreover, even if the suspect is in an area under the jurisdiction of the military of the dispatched country, in principle he should

be turned over to the recipient country in the event the recipient country indicts him.

There are many paragraphs and articles revealing distrust of the judicial system and law enforcement system of the ROK. Paragraph 9 of Article 22 provides that when a suspect is officially indicted by an ROK court, "he has the right to meet and communicate with a U.S. Government representative and to let the representative attend his trial." The agreed minute stipulates "this right exists from the moment of his arrest and detention, and if the representative fails to attend, the statements of the suspect or defendant should not be adopted as evidence of guilt." As a result, without the attendance of a U.S. official, preliminary investigations and searches as well as a court trial cannot possibly be conducted.

In addition, appropriate military uniforms or civilian attire should be worn by the suspect; the suspect retains the right to refuse trial if the conditions suitable for dignity of the U.S. military, including the preference of not being handcuffed, are not provided. U.S. military authorities have the right to inspect the facilities in which their constituent members, civilians, and families are detained or will be detained. Thus, the agreement includes unreasonable measures.

Paragraph 7 of Article 22 of the agreement stipulates that if a request is made for the physical transfer of a U.S. soldier who is serving his term in the ROK, our government will give favorable consideration to enable him to serve his time in the United States. This certainly infringes upon the ROK's right to execute criminal law. By taking advantage of this paragraph, Private First Class Markle, who was imprisoned in Chonan youth prison after being sentenced to 15 years for having murdered Mrs. Yun Kum-i, forwarded a petition to the U.S. Federal Supreme Court.

Regarding these unfair measures, the government held a conference of relevant ministers on 26 May and decided to push ahead with revision of the SOFA. At the same time, our government will seek means to effectively operate the agreement by intensifying the training of policemen handling foreigner-related matters. The government will make efforts to develop ROK-U.S. security relations in a constructive direction by effectively operating SOFA provisions, and will have related government offices and experts systematically research the problems raised on certain provisions of the current agreement and work out supplementary measures.

In addition to such efforts, the government is urged to work out measures for the issue of improving our human rights status and investigation so we can resolve problems in a fair and dignified manner.

### Policy on U.S. Food Imports Criticized

SK1106113495 Seoul CHUGAN CHOSON in Korean  
8 Jun 95 p 47

[Article by Chang Won-sok, a professor of the Agricultural Economy Department at Tanguk University, from the "Expert's Diagnosis" column: "The Clearing of Customs First and Inspections Second Should Be Abolished"]

[FBIS Translated Text] The government has recently worked out "measures for improving sanitary foodstuff management and a quarantine system for animals and vegetation" whose main points are liberalizing foodstuff expiration dates, clearing customs first and inspections second, and expanding the foodstuffs subject to radioactive treatment. The Government provided these measures after accepting unjust trade pressure by the United States.

The government should change the system of customs clearance first and inspections second to "inspections first and customs clearance second" like in the United States. When we export Ansong pears and Cheju oranges, the United States dispatches a quarantine officer and conducts stringent inspections and quarantines throughout the entire course of production, storage, shipment, and transportation.

In light of the fact that our firms have sold bad or rotten foodstuffs on many occasions, the government policy to allow each firm to designate the expiration date of imported foodstuffs cannot help but be regarded as the government abandoning its role. By taking into account the practical situation facing our firms, the government should work out thorough measures in advance before allowing the extension of expiration dates and before taking liberalization steps.

It is well-known that aflatoxin was found in U.S.-produced corn; (ala) was found in U.S.-produced grapefruit; and the cancer-causing agricultural element (diaminogide) was found in U.S.-made apple juice. Thus, the formula "U.S.-products = safety" was broken long ago. However, the United States demands customs clearance of its chocolate, which lacks legal status within the ROK, even by adopting an expedient.

The U.S. foodstuff quarantine system is notorious throughout the world for its complicated and strict nature. There are 167 kinds of internationally allowable agricultural chemical residues, but the United States adheres to 462 kinds. On the other hand, the ROK maintained only 38 kinds up until the end of 1994, expanding them to 105 in early 1995.

Because of such differences in the standards on agricultural chemical residues, the ROK caused a great deal of

friction when it exported Ansong pears and Cheju oranges to the United States. Twice in June and August, the ROK usually inspects the use of standard paper bags, the degree of contamination by blight and harmful insects, and the condition of weeding, thus finalizing the inspection. However, the United States conducts inspections from time to time following the first inspection. In addition, officials from the U.S. Department of Agriculture inspect the process of ROK farmers' cultivation and soil conditions for at least three years; only after this inspection is export to the United States decided. After this process, Ansong pears were exported to the United States in 1991 for the first time. However, the pears failed to pass the U.S. quarantine office and all rotted aboard ship because traces of agricultural chemicals, over which the United States has no provision to rule, were found. Moreover, the amount was even less than the international allowable standard. Nevertheless, the United States insisted that "not even one element should be contained." It thus blocked import of the pears by putting forward a zero-basis regulation.

Despite such a history, the ROK Government decided to completely leave the issue of extending the expiration date in the hands of business firms by 1997. This is a concession that looks a lot like a "surrender." At a time when the quarantine and inspection systems are in a mess, adopting a system of clearing customs first and inspecting second is indeed dangerous. The government should adopt this system only after working out an alternative plan, such as a "recall system."

In 1993, traces of cancer-causing agricultural chemicals were found in U.S.-produced wheat at 132 times more than the allowable amount, creating trouble. However, the government announced that after it conducted several inspections over six months, it found no residues of agricultural chemicals. If one realizes agricultural chemicals volatilize as time passes, one knows how unreasonable inspections over six months are.

This notwithstanding, few people know that after this incident the government drastically relaxed the standard of allowing residual agricultural chemicals in imported wheat. The data of the National Assembly on inspecting the Ministry of Agriculture and Fisheries in 1994 revealed that the wheat, which was abolished or sent back as a result of inspections over the past three years, was only 0.05 percent of the amount of all imported wheat.

We cannot leave the issue of providing safe imported agricultural products in the hands of the government any longer. Recently, 36 organizations for consumer protection, for citizens, and for farmers formed "ties between consumers and farmers to secure safety in im-



ported foodstuffs" and are waging a signature-campaign to block the introduction of first clearing customs and inspecting second as well as to check the abolition of indicating the circulation periods of foodstuffs. They are also staging a movement to boycott imported agricultural products. Thus, citizens' organizations have risen to defend our agriculture and our lives on behalf of our government, which was always being pushed aside in the race.

#### Side Effects From Pesticides on Imported Food

SK1006013495 Seoul CHUGAN CHOSON in Korean  
8 Jun 95 pp 46-47

[Article by Sin Chong-nok: "Are They Poison or Food?"]

[FBIS Translated Text] "The Descendants' Fund," a Japanese group for the protection of agricultural products from contamination, tracked down agricultural products processing sites in the United States, Europe, and Philippines that export agricultural products and videotaped scenes in which excessive amounts of agricultural chemicals are used on agricultural products. When the film was released, our consumers were shocked at the scenes since the agricultural products from the United States and other countries were largely consumed in our country.

An antiseptic called TBZ (thiabendazole) that is used on California oranges, and benomyl and (chlorophylliphos), insecticides that are sprayed on bananas processed in Mindanao Island, Philippines...

It has been learned that TBZ is a detrimental material that has a high chance of causing deformities in fetuses when it is sprayed on oranges, grapefruits, apples, and agaric mushrooms. The scent of TBZ fills the air when a grapefruit box is unpacked. It has been confirmed through lab experiments with mice in Japan that TBZ causes bone deformities. The use of TBZ is prohibited in the ROK; however, it is still widely used in the United States. At some apple processing farms in the United States, they wax and dry apples with infrared rays to prevent TBZ from vaporizing during transport. U.S. apples that have an unusual shine are waxed apples.

The effect of (chlorophylliphos), an insecticide that is sprayed on Philippine bananas to maintain freshness, on the human body and the environment is serious. When a man is exposed to this insecticide over a long period of time, the number of red corpuscles diminishes to a dangerous level. As a result of a lab experiment, 37 of 47 mice experienced a diminished number of red corpuscles and four died. Chances are high that deformed or mutated mice will be born. In an experiment using rainbow trout, one-half died

within 96 hours in a density of 0.003 milligrams of (chlorophylliphos) per 1 liter of water. In addition to bananas, (chlorophylliphos) is also used on oranges, coffee, and peanuts.

Benomyl has been determined to contain a carcinogen by the U.S. Academy of Sciences. It is used to maintain the freshness of bananas, crops, and grapes. As a result of experiments using carp, it has been confirmed that one-half died within 48 hours in a density of 4.2 milligrams of benomyl per 1 liter of water. All goldfishes died within 96 hours in a density of 4.2 milligrams of benomyl per 1 liter of water. In the event a pregnant woman takes benomyl over a long period of time, there is a chance that she will bear a deformed child. In the Philippines, a large number of workers at a banana processing plant who were exposed to benomyl are suffering from serious skin diseases.

Antiseptic (osopenipenol) used on oranges and fungicide (penitrocion) to store wheat, which were also "indicted" by the recent videotape, also endanger the human body if an excessive amount is taken.

Currently, approximately 250 chemicals are used as ingredients in agricultural chemicals. All of them basically effect the living body. The basic function of agricultural chemicals is to kill vermin. The vermin are also living things. However, in some cases, agricultural chemicals inflict deadly harm on the overall living phenomenon, moving a step beyond killing vermin.

However, not all agricultural chemicals are prohibited just because they are detrimental to the human body. If the level of harmfulness is below a certain level, it is clinically categorized as unarmful and is referred to as a residual permissible level. The residual permissible level varies according to the country because the amount of each food ingested in each country differs. This is one major factor that causes confusion in trade.

In our case, however, we do not even have our own scientific basis on which to fix the residual permissible level. The government explained that we use the residual permissible level established by the World Health Organization or the Japanese organ.

Kwon Yong-tae, chief researcher at the Citizens' Alliance for Consumer Protection, said: "The agricultural products shown by Japan's 'The Descendants' Fund' seem to have been sprayed with excessive agricultural chemicals that go beyond the residual permissible level."

Reacting to this, the U.S. Embassy in Seoul stated: "The large amount of agricultural chemicals will vaporize in the course of shipment to the ROK and, upon arrival, they will be below the residual permissible level."

Yi In-won, professor of the agricultural biology department at Seoul University, pointed out "in the field of agricultural chemicals, the results of new experiments reveal that agricultural chemicals previously thought not to cause cancer, turn out to have cancer-causing material," and added "nonetheless, so long as we do not carry out our own experiments, we sometimes do not even know the latest information on new test results on agricultural chemicals."

**Imported Food Said 'Showered With Chemicals'**

SK1006035695 Seoul CHUGAN CHOSON in Korean  
8 Jun 95 pp 44, 45

[Article by Yi Chong-hun: "Foreign Agriculture Products for Export Are Showered With Chemicals"]

[FBIS Translated Text] On 25 May, KBS and SBS television evening news programs showed a videotape on agricultural chemicals, fungicides, and preservatives being sprinkled over fruits and grains for export from the United States and other countries that export agricultural products. This enraged many audiences. The Citizens' Alliance for Consumer Protection obtained the videotape from The Descendants' Fund, a Japanese group for the protection of agricultural products from pollution, which filmed the scenes during five years of tracking fruit processing plants in the United States, the Philippines, and other countries.

The videotape begins with a big trailer loaded with newly harvested apples heading for an apple processing plant in Washington state in the western United States. As the trailer stops at the entrance to something similar to a tollgate, hoses poured water containing thiabendazole (TBZ), a kind of preservative, on the apples. After the TBZ, the driver washes the trailer body with water and drives inside the plant.

Apples unloaded from the trailer are dipped in a pool containing chlorine to wash off dirt and dust. After the pool, the apples are moved by conveyer belts, where they are again showered with TBZ and unknown chemicals. Next, wax is sprayed over the apples to prevent chemicals from vaporizing and then dried with infrared rays. The glistening apples go through a selection process in which bruised apples are sent for juice processing and clean ones are packaged for export.

The videotape shows U.S. environmentalist (Lirandes), saying: "Corporations keep apple processing a trade secret and it was very difficult to collect information. Sprinkling chemicals on harvested apples may bring profit to a few people, but it harms a lot more consumers."

Chemicals are also spread over oranges in a shipping place in California. Like the apples, they are showered with OPP [expansion unknown], TBZ, and unknown chemicals while being moved on conveyer belts. Then, they are steamed to dry the chemicals and waxed to prevent the chemicals from vaporizing. In the final selection process, bruised oranges are sent to juice factories. The narrator comments: "Orange peels are also used in juice, so juice may contain more chemicals."

In a cherry processing plant in California, cherries for domestic consumption and export to Japan are processed differently. Those for domestic use are sprayed with pesticides seven times, but those for Japan are sprayed more.

U.S. cherries imported by Japan in 1993 did not deteriorate after seven weeks at room temperature. The narrator points out: "People eat cherries without peeling. The effect of the chemicals could be greater."

Potato growers in the United States and Europe use weed killers during harvesting to kill the stalks. After the green potato fields are dead and yellow, the potatoes are dug out with machines. Particularly, potato growers in the U.S. Oregon state and Australia use a weed killer called (bepam) to restrain sprouting. The potatoes seldom sprout even after harvest. Potatoes showered with (bepam) do not peel even after bumping into each other, and thus are used more by the farmers.

Potato growers in Europe use the weed killer CIPC [expansion unknown] during harvest. White CIPC also covers the potatoes in storage. It would be strange if chemicals are not found in the french fries made from these potatoes.

In Australia, a major global wheat exporter, farmers mix the fungicide (penitrothion) in wheat for long sea transportation. U.S. wheat growers also use the weed killer (?chlorophylliphosmethyl). It became a social issue in Japan when chemicals were found in bread made from U.S. wheat supplied to school children.

Children love bananas, but they are polluted by chemicals as well. Banana processing plants in Costa Rica and Mindanao Island in the Philippines use benomyl, which is prohibited in the United States because it causes cancer. Bananas are first dipped in a pool containing benomyl to kill the worms, and then moved on conveyer belts, where they are spread with benomyl and chlorophylliphos again for preservation. The bananas remain clean when they arrive in Japan after a long period of transportation.

A shocking scene follows when a worker at a Philippine banana processing plant takes off his shirt and says: "My skin peels off because of the chemicals." The narrator

says: "Many workers are suffering from not only skin diseases but respiratory ailments as well." He questions: "Who can be sure that these bananas are harmless to consumers?"

The message of the videotape "Pollution From Agricultural Chemicals, Part II" is that chemicals can be used during cultivation, but never after the harvest "when they are waiting to be consumed by people." The videotape is entitled "Post-Harvest Pollution by Agricultural Chemicals." Junichi Kowaka, secretary general of The Descendants' Fund and producer of the videotape, says: "Fungicides and agricultural chemicals can never be categorized as food additives. Spreading chemicals on post-harvest agricultural products is an obvious violation of the law."

He adds: "In an inspection conducted in January 1995, more than half of the apples from the United States were found to have contained TBZ. The United States explained that the TBZ on the apples was from the brush used in shipping pears. The Japanese Health and Welfare Ministry approved the import of the U.S. apples, not admitting that the TBZ was 'spread over' but using a strange expression that the TBZ was 'smeared' on the apples, as explained by the United States. The ministry should stop playing with words."

The ROK entirely depends on imports for wheat and bananas. We cannot be certain that the imported foodstuffs on our tables were not once showered with chemicals. Chemicals were also found in herb medicine and agricultural products imported from the PRC. Imports from the PRC are on the increase.

The videotape "Pollution From Agricultural Chemicals, Part II" points out that countries exporting agricultural products should develop natural pesticides that contain less poisonous elements to reduce the use of chemicals. Even though the World Trade Organization calls for free trade, the importing countries should be granted refusing rights for agricultural products that contain more chemicals than the international standard.

The Descendants' Fund suggests that one of the preventative measures is for consumers' groups to participate in such organizations as the Food and Agricultural Organization and the World Health Organization and to input consumers' opinions. However, the reasonable demands of the importing countries are often pressured away by the exporting countries, particularly by the high-handed attitude of the "powerful" United States. We spend a lot of money to buy poison, not fruit.

#### N-S Rice Aid Talks Reportedly Held in Beijing

SK1106055295 Seoul CHUNGANG ILBO in Korean  
11 Jun 95 p 1

[Report by Kang Yong-chin]

[FBIS Translated Text] It was learned on 10 June that North and South Korea recently held a closed-door contact between high-ranking officials in Beijing and discussed rice assistance to North Korea.

At the contact, North Korea asked South Korea to provide rice through civilian ROK companies, while the ROK Government insisted that North and South Korean authorities hold open sessions to ensure that the rice not be used for military purposes.

The North-South contact in Beijing, therefore, was deadlocked. The contact will face a turning point in the middle of next week in relation to the light-water reactors talks in Kuala Lumpur.

An ROK Government official said on 10 June: "An influential North Korean official, who received instructions directly from Kim Chong-il, and an ROK Government official met behind closed doors and discussed the rice issue."

However, another high-ranking government official stated: "This influential North Korean official frequently visited Beijing and contacted ROK businessmen." He then denied the contact between the North Korean official and our government official. He probably denied the report because North Korea is not inclined to make the contact public.

The ROK Government says that there is no contact with North Korea to discuss rice aid and that the government is waiting for North Korea to propose such a contact.

The KYODO News Agency reported on 9 June that North and South Korea discussed the rice issue in Beijing early in the week and that North Korea asked the South Korean Government to provide rice free of charge through Red Cross or civilian organizations.

#### Civilian-Level Rice Aid to North Denied

SK1006014595 Seoul YONHAP in English  
0135 GMT 10 Jun 95

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — A government official denied Saturday as not true the wire report that North Korea has asked the Seoul government to provide rice to the North as grant-type aid through a private channel, such as the Red Cross or other volunteer association from South Korea.

But, speaking on condition of anonymity, he admitted that a leading Japanese politician had suggested earlier



in the week that the government meet a North Korean trade broker to discuss the proposed food aid to the North.

The Japanese politician was Koichi Kato, chairman of the Policy Affairs Research Council of the Liberal Democratic Party, a major element of prime minister Tomiichi Murayama's ruling coalition.

But the government rejected Kato's suggestion because it could not be taken as North Korea's official response to the food aid proposal, the official said.

It was right after Kato's suggestion that National Unification Minister Na Ung-pae urged Japan to take a guarded stance on North Korea's food aid request until South Korea provides rice to the North through government-level talks with Pyongyang.

Another official said the government had already proposed government-level talks to discuss ways to deliver rice to the North and that "we're waiting for the North's official response."

He added, "There hasn't yet been any official word from Pyongyang and Chairman Kato's suggestion cannot be taken as the North's official response."

#### **DPRK Request for Private Rice Aid Rejected**

OW0906104695 Tokyo KYODO in English  
1028 GMT 9 Jun 95

[FBIS Transcribed Text] Tokyo, June 9 KYODO — North Korea has asked South Korea to provide rice aid via a private route, but Seoul has rejected the request due to a lack of government talks, diplomatic sources in Tokyo said Friday.

Pyongyang made the request earlier this week on condition it receive South Korean rice through South Korea's Red Cross Society and other nongovernment organizations, the sources told KYODO NEWS SERVICE.

South Korea rejected the request, saying it could not accept it unless direct contacts between the two Koreas were held, but urged Pyongyang to release rice reserves held by its military if its food shortage is serious, they said.

Last month, North Korea's International Trade Promotion Committee Chairman, Yi Song-nok, said the communist state was faced with food shortages due to bad weather.

At a meeting in Tokyo with Japanese officials, he asked Japan to extend rice aid to help ease a food shortage.

But South Korean Deputy Prime Minister Na Ung-pae said Thursday Japan should not provide rice to North Korea before the North first accepts an offer of rice from

South Korea, as it could cause problems in achieving Korean unification.

"It is a cause of serious concern that would not only hamper efforts for peaceful unification by making inter-Korean relations difficult but result in an undesirable impact on Seoul-Tokyo relations if Japanese rice is delivered to North Korea ahead of Seoul," Na said in a statement.

Na had said the North produced 4.13 million tons of food grain last year, far short of the nation's total demand of 6.72 million tons.

#### **DPRK Requests Urgent Rice Supply From Japan**

SK1106071295 Seoul CHOSON ILBO in Korean  
11 Jun 95 p 1

[FBIS Translated Text] On 10 June a Japanese political source revealed that Yi Song-nok, chairman of the Committee for Promoting International Trade, faxed a message to Japan urging it to supply rice at an early date.

The source said the fax was received at the office of Kato, chairman of the Liberal Democratic Party Political Coordination Committee, on the night of 8 June. The message reportedly said: "We would like to receive rice as soon as possible. We would like it some time next week, if possible."

In the message, Yi also stated: "The ships that will transport rice to North Korea are waiting at port and are ready to depart upon receiving information ensuring the supply. We want you to send at least 300,000 tonnes." The source said Chairman Kato and Kim Yong-sun, secretary of the Workers Party of Korea [WPK], are exchanging messages discussing the Japan-North Korea rice deal, and that the fax stated: "Secretary Kim is in full charge of rice assistance."

The source added the dispatch of the fax can be interpreted as a request for Japan to send rice without the ROK's consent.

The Japanese Government convened a meeting to discuss the fax with Chairman Kato, former Foreign Minister Watanabe, and officials of the Agriculture, Forestry, and Fisheries Ministry in attendance. At the meeting, the Agriculture, Forestry, and Fisheries Ministry said that before rice assistance is given, conditions for the supply must be set, Japan must obtain prior consent from Thailand and other countries that originally exported the rice to Japan, and the status of North Korea's port facilities must be checked. The ministry added that the rice cannot be shipped immediately for this reason. Chairman Kato said Japan cannot send rice to North Korea before the ROK does.

**Defense Ministry Reports DPRK Soldier Defects**

*SK1206125695 Seoul KBS-1 Television Network in Korean 1236 GMT 12 Jun 95*

[FBIS Translated Text] The Ministry of National Defense announced that a North Korean soldier crossed over the Military Demarcation Line at the central front and defected to our guard post at around 1900 [1000 GMT] on 12 June. The North Korean defector has been identified as Corporal Han Myong-su who belonged to the 19th Regiment, 13th Division, First Corps of the North Korean Army. The military authorities are now inquiring into the motive of his defection.

**DPRK Seeks Investments From Koreans in China**

*SK1006051895 Seoul SEOUL SINMUN in Korean 10 Jun 95 p 4*

[Report by Yi Sok-u from Beijing]

[FBIS Translated Text] Officials of the association of ethnic Korean businessmen in Beijing, China (Chairman Kim Chol), said on 9 June that North Korea strongly hopes for ROK businessmen's indirect participation in construction projects and investments in North Korea through ethnic Koreans in China.

They said: "Officials of the North Korean External Economic Committee and our association's delegation, which visited Pyongyang in May, agreed that the North Korean committee and our association would jointly seek to lure investments from the ROK and other third countries, promote transit trade, and carry out development projects."

They also said that the association and Yogwang Trading General Corporation, one of North Korea's state-run trading firms, agreed to exchange representative offices in Pyongyang and Beijing before the end of July. Mun Myong-nam, vice chairman of the association, said on the same day: "Kim Tok-hong, president of North Korea's Yogwang Trading General Corporation, has arrived in Beijing and will formally sign an agreement on the exchange of representative offices on 8 June [date as published]."

Officials of this association also said: "The North Korean side has expressed its willingness to build roads and other infrastructure and carry out various other development projects by luring capital from the ROK and other foreign countries." They also said, "North Korea strongly hopes to lure ROK businessmen's investments through the association."

**PRC Seeks Missing Koreans After Ship Sinks**

*SK1006054695 Seoul YONHAP in English 0541 GMT 10 Jun 95*

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — A Panamanian-registered cargo ship sank Saturday in seas 10 miles off China's Shandong peninsula leaving six of its Korean crew missing, a Foreign Ministry spokesman said.

Chinese maritime authorities came to the rescue of the Asian Hope, with 17 Korean and three Chinese crew members on board, and saved 13 of the crew members, he said. Chinese patrol boats are searching for the six missing crewmen, all Koreans, he said.

The Asian Hope was heading for Pusan and carrying iron ore.

**North Closes Embassy in Nicaragua**

*SK1006054995 Seoul YONHAP in English 0547 GMT 10 Jun 95*

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — North Korea closed its diplomatic mission in Nicaragua May 26 in a move to reduce the number of its overseas missions apparently for financial reasons, a Foreign Ministry spokesman said Saturday.

North Korea decided to close the embassy in Nicaragua partly because the new Nicaraguan Government launched in 1990 has maintained close relations with South Korea, he said.

The North currently maintains resident embassies in only four South and Central American countries while maintaining diplomatic relations with 19 South and Central American states.

**Cardinal Kim Denounces Police Raid of Cathedral**

*SK1106083095 Seoul YONHAP in English 0819 GMT 11 Jun 95*

[FBIS Transcribed Text] Seoul, June 11 (YONHAP) — Stephen Cardinal Su-hwan on Sunday denounced the recent police intrusion into the Myongdong church yard to arrest union leaders, saying the intrusion was an act of trampling down on a lofty moral strength with a physical force.

In a 30-minute preaching during a mass at the Myongdong Cathedral, cardinal said there needs the spirit of dialogue for stability and unity of the society.

"Throwing police troops into the church yard, however, displays that in our society the logic of strength still prevails over the spirit of dialogue," he said.

Cardinal Kim said it was a matter of deep regret, surprise and sorrow that the authorities resorted to physical strength especially at a time when the church was acting as a mediator between the feuding government and the union of Korea Telecom.

Saying that the Myongdong Cathedral had never demanded or claimed to be an extraterritorial area, he said the cathedral, however, had become a sort of sanctuary owing to the conscience and moral strength of those many people who care for social justice and human love.

The cardinal deplored that as a result of the recent police intrusion, a shelter for powerless or chased people has come to exist no longer.

"I do not want to see frictions and tension persist long between the government and the church," the cardinal said, adding, however, he would see how the government behaves over the matter in the future.

One hundred and seventy-six other churches under the Catholic Seoul Archdiocese explained about the incident and the position of the church over the issue in their masses Sunday.

On Friday, the Seoul Archdiocese held an emergency priests council meeting with the participation of 26 senior priests led by Cardinal Kim and issued a protest statement.

The council demanded that the government make an apology over the incident by June 13 or face a stronger second-phase protest move.

#### **Regime-Religion Tension Grows After 6 Jun Raids**

SK0906113695 Seoul YONHAP in English  
0628 GMT 9 Jun 95

[By Kim Tae-yong]

[FBIS Transcribed Text] Seoul, June 9 (YONHAP) — Korea Telecom's (KT) labor dispute appears as though it might develop into a direct confrontation between the government and religious circles amid signs the latter is moving to align their protests against the police raids on sit-ins involving unionists from the state-financed company at a Seoul cathedral and a temple last Tuesday.

In addition, dissident activist groups, including Han-chongnyon, the Federation of Korean University Student Councils, are joining the religious groups in criticizing the government methods of handling the labor dispute, suggesting that the conflict may affect the upcoming local elections slated for June 27.

It was the first time that police ever entered into Myongdong Cathedral to arrest someone in the 97-year history of the Roman Catholic Church. As for the

Chogye Temple, it was the second time police have raided, after the one they made last year at the Buddhist order's request.

To make matters worse, police raided the cathedral again on Wednesday night to round up students who were reportedly on their way home after staging a sit-in demonstration protesting the arrest of Korea Telecom Union leaders.

Now, the Catholic and Buddhist Chogye order are moving to jointly cope with the government action, and it is apparently a stronger reaction than the government was expecting.

Representatives from 35 Buddhist organizations including the Buddhist Human Rights Committee formed a "Pan-Buddhist Committee," and Rev. Myongjin of the committee visited Myongdong Cathedral at 7:00 pm [1000 GMT] Thursday to discuss ways to jointly cope with the government's action.

The Catholic church is harshly criticizing the government and taking concrete measures to express its anger over the raids.

More than 200 Catholic priests from the Seoul parish decided at an emergency meeting to hold "prayer meetings on the current situation" at 3:00 pm and 8:00 pm every day until next Tuesday to protest the police intrusion into the church.

Such prayer meetings had been held before, like the one that started in the late 1970s and did not stop until the end of former President Chon Tu-hwan's government in 1988 — the "dark era" of Korean democracy.

Myongdong Cathedral announced Thursday that it will ring the funeral bell 44 times at 4:00 pm every day for three weeks starting June 13 to announce that "the shelter for the weak and the poor has died and that the morality of the Kim Yong-sam government has died."

The priests of the Seoul parish issued a statement urging the government to fire the ministers of Home Affairs, Labor Affairs and Information and Communication Affairs from their posts for their allowing of the police raids.

The Catholic Laymen's Association and the meeting of bishops, which have been conservative so far, are moving to criticize the government after the incident, according to a priest from the cathedral.

Meanwhile, the Pan-Buddhist Committee of the Chogye order staged a silent demonstration near the Chogye Temple at 8:00 pm Thursday and decided to hold additional demonstrations every day.



The Chogye order plans to hold its "Chonghoe," the supreme decision-making body, next week to clarify its official position about the action the government took.

Besides the religious groups, civilian human rights and dissident groups including the National Alliance for Democracy and National Unification and several other dissident organizations have issued statements denouncing the police action.

However, the government shows no signs of relaxing its policies, sticking to its own rationale for sending police into the religious premises.

After arresting the KT Union leaders at Myong-dong Cathedral and Chogye Temple, An Pyong-uk, commissioner-general of the Seoul Metropolitan Police Department, announced, "It is time to realize the principles of constitutionalism cannot allow a sanctuary and that those who violate the law will not be protected by it, and they must be punished without exception."

#### **Opposition Lawmaker Arrested on Bribery Charges**

SK1006020395 Seoul YONHAP in English  
0121 GMT 10 Jun 95

[FBIS Transcribed Text] Kwangju, South Korea, June 10 (YONHAP) — Rep. Kim In-kon of the opposition Democratic Party (DP) was arrested Saturday on charges he accepted money from would-be candidates running for the June 27 local elections.

It is the first time that an incumbent lawmaker has ever been arrested in relation to the upcoming local elections.

Rep. Kim allegedly accepted hundreds of millions of won from several would-be candidates after he promised to support their nomination as DP candidates, violating the Political Fund Law, the Kwangju District Prosecutor's Office said.

According to the prosecution, Rep. Kim is also under suspicion of libel and bribery.

In one case, the opposition lawmaker is suspected of having accepted 40 million won late last year from Kang Myong-yong, a provincial assemblyman, in return for his promised support for his candidacy on the DP's ticket in the local legislative election in South Cholla Province.

He allegedly also received nearly 400 million won of unlawful contributions, including a 200-pyong plot of land worth 345 million won in Yonggwang, from others who hoped to gain nominations for the upcoming local elections, the prosecution said.

When those who failed to be nominated openly protested, Rep. Kim held a press conference on April

6 to say that they had acted "unethically," allegedly damaging their honor.

#### **Party 'Strongly' Protests**

SK1006032595 Seoul YONHAP in English  
0222 GMT 10 Jun 95

[FBIS Transcribed Text] Seoul, June 10 (YONHAP) — The opposition Democratic Party (DP) decided Saturday to strongly protest the prosecution's arrest of Rep. Kim In-kon, calling it "a clear suppression of the opposition party under the pretext of fair elections."

DP President Yi Ki-taek instructed senior party officials to form a team of lawyers and to gain an immediate release of Rep. Kim to the government.

Rep. Kim was arrested Saturday by the Kwangju District prosecutor's office on charges he accepted money from would-be candidates running for the June 27 local elections.

Spokesman Pak Chi-won said, "It is clearly to suppress the opposition party that the government arrested an opposition lawmaker on charges which are not true so close to the first local elections in more than 30 years."

He strongly urged the government to release Rep. Kim.

Meanwhile, former opposition leader Kim Tae-chung, chairman of the Peace Foundation for the Asia Pacific Region, said, "I hope that it will not be a kind of political suppression."

#### **DLP Decries Kim Tae-chung Political Activities**

SK0906113595 Seoul YONHAP in English  
0648 GMT 9 Jun 95

[FBIS Transcribed Text] Seoul, June 9 (YONHAP) — The ruling Democratic Liberal Party (DLP) is intensifying criticism of former opposition leader Kim Tae-chung's recent political activities which are apparently aimed at seeking voter support for the major opposition Democratic Party (DP) in the upcoming June 27 local elections.

The ruling party's criticism is focusing on what they call Kim's "dualism," meaning "he speaks and acts differently as far as politics is concerned."

Key DLP members claim that Kim has been resuming his political activity despite his promise to never engage in politics again after his defeat in the 1992 presidential election.

At the DLP's Election Management Committee session Friday morning, party spokesman Pak Pom-chin open fired on the opposition party asserting that, "DP lawmakers have no interest in healing the wounds of the

residents in the Cholla Provinces, rather they are only desperate to cling to Kim for their own interests."

DLP Chairman Yi Chun-ku joined the spokesman's claim saying, "Is it (the fact DP lawmakers follow Kim for their own interests) an example of Kim's so-called equal rights among the provinces?"

The ruling party's Secretary-General Kim Tok-yong argued that the "retired politician (Kim Tae-chung) is making deft maneuvers for his political comeback by staging his home-visit, lectures and the absurd self-assertion of regional equal rights."

In a speech Kim gave at a university last month, Kim predicted that the country's political landscape will develop into four or five regional divisions that will eventually discourage the "regional hegemony" now held by political leaders (from Kyongsang Provinces including Taegu and Pusan).

He contended that such regional divisions can produce a positive effect through "balanced regionalism based on equal rights."

Kim, chairman of the Peace Foundation for the Asia-Pacific regions, embarked on a four-day visit to the Taejon and Cholla Provinces Friday where he is scheduled to deliver speeches in an apparent move to support opposition party candidates running in the local polls.

Kim will also visit his hometown in Haei Island, an island of the South Cholla Province, for the first time in eight years during the final leg of his trip to the cities of Mokpo, Chonju and Kimje. He is also planning to make another trip to the region beginning June 18.

Kim himself still denies there is no political motivation behind his trip, but the ruling party have criticized that his trip and lecture are the "most effective campaigning" methods in the Cholla Province, at least not for major opposition party candidates. [sentence as received]

#### **DLP 'Counterattack' Against Kim Tae-chung**

SK1206080695 Seoul YONHAP in English  
0500 GMT 12 Jun 95

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — As Chairman Kim Tae-chung of the Asia-Pacific Peace Foundation harshly criticized the government showing his support for the opposition Democratic Party candidates during his outdoor lecture meetings in the Cholla area last week, the ruling Democratic Liberal Party (DLP) launched a counterattack on the former opposition leader Monday.

DLP Chairman Yi Chun-ku told reporters, "I've ordered my staff to study the possibility of taking legal action against Chairman Kim for his going on a virtual election

campaign for Democratic candidates in spite of his retirement from politics."

Commenting on Kim's call that Rep. Kim In-kon arrested on bribery charges be released and his criticisms of the government for police raids into the Myongdong Cathedral and Chogy Temple to break Korea Telecom union leaders' sit-ins there, Yi quipped, "Is he a man who enforces the law?"

DLP Spokesman Pak Pom-chin said, "Chairman Kim embarked on an election campaign tour, disguised as a lecture tour, of the Cholla area, to stimulate provincial sentiments, coinciding with the start of the formal local election campaign period, and I think he wants to make political gains by intensifying provincial confrontations in politics."

DLP Deputy Spokesman Yim Chung-kyu joined Pak, saying, "Chairman Kim called the arrest of Rep. Kim In-kon the oppression of the opposition party. By this did he mean that opposition lawmakers have the privilege to do anything they want in campaigning for an election? To achieve fair and honest elections, those violating the law must be punished strictly and there must not be any support for law breakers."

A DLP postholder said, "He is not a registered election campaign speaker, but he has visited the Cholla area under his influence to criticize the government and to stimulate provincial sentiments in what he calls a lecture meeting. Unless he is kept from such political behavior the coming local elections will be greatly confusing."

And, the DLP has decided to ask the central election management commission to rule on Kim Tae-chung making political remarks in outdoor meetings in spite of his being not a registered campaign speaker.

In addition, the DLP is expected to take issue with Kim's call for a cabinet system and provincial equality and with his remarks stimulating provincial sentiments in campaign speeches for its candidates.

#### **Kim Tae-chung May Campaign for Opposition**

SK1206042895 Seoul YONHAP in English  
0251 GMT 12 Jun 95

[FBIS Transcribed Text] Mokpo, South Cholla Province, June 12 (YONHAP) — Kim Tae-chung, retired opposition leader, said Monday that he will sincerely consider supporting members of the opposition Democratic Party (DP), if they ask him to do so, in order to help the DP win victories in the upcoming local elections.

Kim, now chairman of the Peace Foundation for the Asia Pacific Region, met with reporters at Chowon

Hotel here and said, "the DP is in a very difficult situation and many DP candidates for the local elections have asked for my support to help them in their campaigns."

He said that he will consult with the DP's election-related representatives in Seoul to decide if he will give his support to the DP candidates.

An aide to Kim said, "a considerable number of DP candidates in metropolitan areas and as well as in South and North Cholla Provinces have asked Chairman Kim to help them. I think that Chairman Kim is actively considering ways to register as a supporter who will deliver campaign speeches for the elections, if necessary."

If Kim registers as a campaign speechmaker, then it means that he will be actively participating in the DP's local election campaign by making speeches to the public in activities supporting DP candidates.

Some argue this would constitute a full return to the politics, just two years after he announced his retirement from politics when he was defeated by incumbent President Kim Yong-sam in the presidential elections in 1992, a political analyst said.

However, the former head of the opposition party said, "I am just helping the Democratic Party as a party member...it's not more than that."

#### Average of 2.5 Candidates Per Race in Elections

SK1206042095 Seoul YONHAP in English  
0136 GMT 12 Jun 95

[FBIS Transcribed Text] Seoul, June 12 (YONHAP) — A total of 14,076 people registered as candidates for the June 27 local elections Sunday, the first day of registration, representing an average competition ratio of 2.5:1, an average of 2.5 candidates competing for every 1 elected post.

The figure represents only 61 percent of the Central Election Management Commission's (CEMC) 23,000 anticipated number of candidates. Even when those who will register their candidacy on Monday, the last day of the registration, are taken into account, the number of registered candidates for the upcoming local elections is likely to fall far short of 20,000.

According to CEMC tabulations as of late Sunday afternoon, 49 candidates registered for 15 gubernatorial and large city mayoral posts, showing a competition ratio of 3.3:1.

A total of 869 candidates have thus far registered for 230 small-city mayor, county and ward commissioner positions, with a competition ratio of 3.8:1.

Against the quorum of 875 councilmen of large cities and provinces, 2,219 candidates registered, with a competition ratio of 2.5:1.

Against the total 4,541 council positions of small cities, counties and wards in small cities, 10,939 candidates registered, representing a competition ratio of 2.4:1.

The ratio of competition for the four different local elections is expected to grow to about 3.5:1, and that the ratios for large city and provincial councilman posts, in particular, are likely to be less than 3.3:1, as recorded in the 1991 elections.

Such low competition ratios in the forthcoming local elections are attributed to the strict enforcement of laws by authorities, as evidenced in the arrest of Rep. Kim In-kon, which has kept many prospective candidates from running in the upcoming local elections.

The highest competition ratio for large cities and provinces was 4.5:1 registered in Kyonggi provincial elections of small-city mayors, county and ward administrators. The lowest ratio was 1.9:1 registered in Incheon city's election of 206 city and ward councilmen.

The highest competition ratio in gubernatorial and large-city mayoral elections was marked in Seoul where six candidates are competing. Following Seoul was Taegu and North Chungchong Province with five candidates each. The lowest ratio was recorded by Kwangju City, Kangwon, North Cholla and South Kyongsang Provinces with only two candidates.

In the election of smaller city mayors, county and ward commissioners, topping the list was Kyonggi Province with a contest ratio of 4.5:1. Recording a competition ratio of over 4:1 were Taejon City, Kangwon, North and South Chungchong, and North and South Kyongsang Provinces. The lowest rate was recorded by Pusan and Kwangju with a ratio of 2.6:1.

In the election of large city and provincial councilmen, the highest contest ratio was recorded by Taegu with 3.6:1. Taegu is the only large city in which more than three candidates stood per electoral district.

In the election of small city, county and ward councilmen, South Cholla Province registered an average competition ratio of 2.9:1, while Kangwon and North Chungchong Provinces registered 2.8:1, and North Cholla Province with 2.7:1. The remainder recorded a competition ratio of around 2:1 in general.



## Brunei, Malaysia & Singapore

### Malaysia

#### Foreign Minister Denies Giving Arms to Bosnia

BK1206034095 Kuala Lumpur THE STAR in English  
12 Jun 95 p 3

[FBIS Transcribed Text] Kepala Batas — Malaysia has never been involved to any effort to supply arms to Bosnian soldiers, Foreign Minister Datuk Abdullah Ahmad Badawi said yesterday.

He described as baseless allegations that Malaysia had broken the arms embargo imposed by the United Nations on the Balkan state.

"Malaysia denies the allegation that this country has decided to ignore the embargo by giving arms aid to Bosnia," he told reporters after chairing the Kepala Batas UMNO [United Malays National Organization] division meeting at his house.

He was responding to agency reports quoting American Senate majority leader and presidential challenger Robert Dole as saying that several Islamic countries, including Malaysia, had breached the arms embargo.

On the overlapping claims to Pulau [island] Batu Putih involving Malaysia and Singapore, he said an official level meeting would be held in Kuala Lumpur on Thursday [15 June] to work out the regulations and procedures for bringing the case to the International Court of Justice.

#### Editorial on 'Urgency' of SRV Repatriation

BK0806142195 Kuala Lumpur NEW STRAITS TIMES  
in English 7 Jun 95 p 10

[Editorial: "An illegal break-out"]

[FBIS Transcribed Text] Twenty years ago, the exodus of Vietnamese in the face of real persecution and whose journey for asylum took them through hazardous seas and life-threatening situations captured world attention and compassion. Since then, other events have impacted significantly on world history. In Vietnam itself, the unification of the North and South in 1976, the admission of Vietnam into the United Nations in 1977, the lifting of the economic embargo against Hanoi this year and the economic reconstruction of the country have been milestones in the country's history. Yet, caught in a time warp are the 40,000 non-refugees still in the region.

For 13 years, one entire island off Terengganu was gazetted exclusively for them, more than quarter of a million refugees have passed through this way, and although most of those remaining are non-refugees, the Sungei Besi transit camp remains for them, while the

authorities and the United Nations High Commissioner for Refugees (UNHCR) try to persuade them to return to their homes. Malaysia's record in providing assistance and understanding has, as UNHCR acknowledged, been excellent, with no ill-intent towards them, such as the use of force, even if international decree allows for the closure of the camps in the region by the end of 1995.

Through a Memorandum of Understanding (MoU) signed early this year between Malaysia, the UNHCR and Vietnam, orderly repatriation will be implemented only if the UNHCR's Voluntary Repatriation Programme fails to convince the non-refugees to go home. Malaysia has obviously tried its best to provide every possible assistance to the illegal immigrants but two decades is too long a time spent trying to dissolve a seemingly insoluble problem.

While countries of resettlement can afford to pick and choose as to who they want, and can indulge in "compassion fatigue", countries of first asylum like Malaysia continue to be left with the non-refugees and worse, of a hardcore group of holdouts who seem to view resettlement as a right and who refuse to return to their homeland, and who, in denial, vent their frustrations by staging sit-ins and demonstrations which threaten to disrupt the peace in the country. The demonstration by the Vietnamese illegal immigrants who broke out of their camp on Monday, wearing headbands and carrying banners appealing for compassion is bound to get their fair share of support and sympathy for their plight but in doing so, it is also hoped that the people and the international community will also show the same consideration for the plight of Governments left with a social time-bomb on their hands while third countries turn their attention elsewhere.

That the demonstration was pre-planned was evident by the available paraphernalia and literature displayed. The failure of the authorities to detect and interpret the undercurrents bearing in mind similar incidents in Hong Kong can only be partly justified by the probability that they believed in the good intentions of the non-refugees. Without evidence of Vietnamese persecution of repatriated refugees and in view of the many incentives and programmes awaiting them, compunction might be rather misplaced. Significantly, while the attempt at propping up waning world attention amounts to emotional blackmail and may succeed with some, it is a demonstration of the urgency needed to seek a solution to the situation before the cumulative effects of languishing in limbo becomes socially disruptive.

**Commentary on Plight of Vietnamese Boat People***BK0906115695 Kuala Lumpur Voice of Malaysia  
in English 0810 GMT 9 Jun 95*

[Station commentary]

[FBIS Transcribed Text] Since 1975, about 254,000 boat people landed on Malaysian shores, excluding births to have taken place within various camps here since then. [sentence as heard]

To date, there have been about 253,000 departures from the camps with most be resettled in third countries such as Canada, Australia, and the United States. They were among more than 1.5 million who left their country after the collapse of Saigon in 1975 in search for a better life. Last March, almost 50,000 boat people in Southeast Asian refugee camps were given notice to return home within nine months by donor countries which decided they no longer qualified for international aid, and they have no option but to return home by the end of the year.

In Malaysia at present there are still 4,537 Vietnamese at the Sungai Besi refugee transit camp, but only 247 of them are considered as bonafide refugees and are scheduled to be sent to third countries at the end of this year.

A few days ago, 4,000 of those not categorized as refugees demonstrated by tearing down the camp's fence and protested against their repatriation as the government has set 31 August deadline to close the camp.

The Malaysian Government understands the plight of the Vietnamese illegal immigrants in the country, but it is compelled to take action to repatriate them because other countries no longer want to accept them. According to Prime Minister Datuk Sri Dr. Mahathir Mohamed, even though Malaysia is sad for them it does not have any other choice, other than to send them home. This is because Malaysia is only a transit point for them while awaiting resettlement in third countries. However these countries have now disavowed their pledges.

As a result of the demonstration, 20 Vietnamese illegal immigrants held by police over the disturbance at the camp were ordered to be remanded until 12 June to facilitate police investigations on probable charges of rioting and illegal possession of weapons.

In order to ensure smooth repatriation of Vietnamese nonrefugees, Malaysia had suggested that Vietnamese officials meet the boat people more often to convince them that the country that they left has changed for the better.

According to Foreign Minister Datuk Abdullah Ahmad Badawi, they should tell the boat people about the improved employment and economic opportunities in their country. Such effort is important to give them the confidence to return voluntarily.

To facilitate such repatriation Malaysia had signed a memorandum of understanding, MOU, with the United Nations High Commission for Refugees, UNHCR, and Vietnam on 24th January. It specified that orderly repatriation would be implemented if the existing voluntary repatriation program failed and all efforts to make the boat people to return home were exhausted but the problem is they refused to go home.

**Police To Ensure 'Smooth' Return of Vietnamese***BK1106101595 Kuala Lumpur Voice of Malaysia  
in English 0800 GMT 11 Jun 95*

[FBIS Transcribed Text] Police will ensure the smooth repatriation of all the Vietnamese illegal immigrants who are staying in the country temporarily. The Inspector General of Police, Tan Sri Abdul Rahim Noor, said police had informed those involved with the Malaysian Government's decision to send them back to their own country they had no choice but to respect the decision.

He made the statement report after visiting the transit camp for Vietnamese illegal immigrants near Kuala Lumpur this morning.

During the two operations launched by police since yesterday, it involved the transfer of 800 Vietnamese to a temporary detention center in Kerayong, Pahang. The search of the entire camp collected about 400 pieces of home-made rifles of various sizes.

**Cambodia****Death Threat Against UN Official Deployed***BK0906115595 Phnom Penh National Radio of  
Cambodia Network in Cambodian  
1300 GMT 8 Jun 95*

["Political Commentary": "A Cowardly Act"]

[FBIS Translated Text] Benny Widyono, special representative of UN Secretary General Butrus Butrus-Ghali said at the international land mine conference on 2 June that he has received a letter threatening his life.

This is the first ever threat the special UN representative has received since he fulfilled his almost two-year long mission in Cambodia. In fact, this is also the first time a foreigner in Cambodia has received such a despicable threat.

It should be recalled that before the elections, Yasushi Akashi, who was the UNTAC [UN Transitional Authority in Cambodia] chief, travelled via Thailand to Pailin, the Khmer Rouge command headquarters. Confronted by a barrier made of thin bamboo and a Khmer Rouge guard who said that without orders from the top no one could get through, the UNTAC head was prevented from reaching Pailin. At that time, all local figures said the Khmer Rouge was cruel and did not want peace. For its part, the Khmer Rouge insulted UNTAC mercilessly.

Now, as the country is endowed with freedom, peace, and democracy, no ruffian is more cruel than the Khmer Rouge, who dares to issue a death threat against the UN special representative. Who are they? What is their grudge? Why do they threaten to take the life of a high-ranking UN official helping Cambodia?

Officials of the United Nations and international organizations and foreigners in Cambodia, who are currently helping the country devastated by the two-decade war, are horrified and terrified by the inhuman and barbaric assassination attempt. Whatever the reason, the threat against Benny Widyono definitely affects the national honor that is being guarded constantly by His Majesty King Norodom Sihanouk.

During his mission in Cambodia, Benny has never done anything that affected Cambodia or held any grudge against the country. By all appearances, the only thing he has done is to help Cambodia.

UN observers said the threat might be linked to his quoting a statement made recently by UN Secretary General Butrus Butrus-Ghali. Anyway, no foreigner or Cambodian as yet has been suspected of being the author of the death threat letter.

It is worth noting that there used to be death threats made against journalists in Cambodia and that international organizations and politicians always pointed their fingers at the government. With the death threat now directed at a high-ranking UN official, whom should we suspect now?

This is a most cowardly and despicable act. The disgraceful author should be caught and punished without fail.

#### **Minister: Nation 'Tainted' by Money Laundering**

BK1206113095 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 11 Jun 95 pp 1, 5

[FBIS Translated Text] During a meeting held on the morning of 9 June with governors, deputy governors, and police commissioners from various provinces, cities, and specialized departments under the Interior Ministry, Sar Kheng, deputy prime minister and co-

interior minister, said: "Cambodia is a tainted money laundering haven."

The deputy prime minister made this remark based on past incidents caused by foreigners, such as drug trafficking and murders, all involving money. He stressed that the majority of foreigners who come to Cambodia are tourists, but some are here with evil designs. Concerning these dark designs, he said that some of the foreigners come to Cambodia in a conspiracy to trade heroin and other drugs because Cambodia still lacks a narcotics law. Others enter the country to settle personal scores while yet others use it as a transit area, that is, to acquire some legal status to further their trips to third countries. The legal status they are after consists of passports and visa for countries of their choice.

Sar Kheng stressed that the issue that calls for close attention is the influx of tainted money. He explained that this tainted money belongs to criminals who have obtained it from the drug trade or theft and robbery. They send this kind of illegal money to Cambodia in order to turn it into legal money.

The interior minister complained that our banks have not yet been regulated 100 percent. This constitutes a loophole allowing the banks to bring in tainted money. After it is deposited in the banks the tainted money is laundered and becomes clean. It is for this reason that he called Cambodia a haven for laundering tainted money. We should note that besides this type of tainted money, Cambodia is also known to be attracting counterfeit money (dollars).

He pointed out that these practices do not conform with international principles. Therefore, we must take counter measures because this kind of money comes from notorious crooks abroad. Foreigners who are entering the country for evil purposes are hurting our country's law, order, and security.

Besides these problems, a number of foreigners have forced young children into prostitution, which is considered a serious crime and a harmful factor for Cambodia.

The deputy prime minister advised the provincial and municipal governors, deputy governors, and police commissioners, especially those in the border provinces, to keep a close watch on foreigners because they are becoming increasingly mischievous. He stressed that the problem should not be taken lightly, for it affects the country's law, order, and security as a whole.



**Banking Scandal Points to Official Corruption**

*BK1206102495 Phnom Penh PHNOM PENH POST  
in English 2-15 Jun 95 pp 1, 9*

[Report by Nate Thayer]

[FBIS Transcribed Text] A banking scandal that involved alleged drug money laundering in Montreal, a bank collapse in Phnom Penh and losses on futures trading in Chicago now threatens to suck in senior Cambodian government officials, according to documents obtained by the POST.

Official corruption and grossly negligent supervision of the banking system have been alleged.

The Credit Bank of Cambodia (CBC), which was closed by the Cambodian government and its assets formally frozen on 6 May, is at the center of the scandal that has implicated senior government officials in illegal activities.

It has also given credence to long-held suspicions that the Cambodian financial services sector is ridden with banks that fail to meet basic minimum requirements under current Cambodian law that will likely lead to more bank closures in coming months, according to banking sources.

The CBC was shut down earlier this month after it was revealed that it failed to meet the Cambodian Central Bank's minimum capital requirements after it suffered losses of \$1.5 million on the Chicago futures market in March. The losses prompted a Canadian securities firm, Marleau Lemire, to take legal action against the CBC's shareholders in Canada and Cambodia. This now threatens to draw in senior Cambodian government officials in illegal activities and further undermine the reputation of the banking sector as a whole.

The Cambodian government acknowledges that the CBC has ignored the Cambodian National Bank's (NBC) reporting demands, misrepresented to the NBC the value of its assets, refused to name CBC's real shareholders as required by law, and failed to appoint a required auditor.

"The decision to withdraw the license was taken after long consultation and careful consideration of all the facts, and was made to protect banking customers," said the NBC governor Thao Pengleat on 11 May.

But the bank's creditors and senior government officials say it is too little too late, and that the central bank governor is implicated in illegal activities and preferential treatment to the bank. They question why, and the manner in which, the CBC was given a license to operate in the first place.

The CBC was issued a \$3 million loan from the central bank on 31 May 1994 by Governor Leat to establish the minimum capital the law requires for the central bank to issue an operating license to the CBC. The use of a loan from a central bank — charged with regulating and supervising the commercial banking sector — to shareholders in a private bank to establish minimum capital required by the government is highly irregular, admit central bank officials. Both the loan — and the license — were issued on the last day by law when banks were issued licenses in Cambodia.

Governor Leat issued the loan to Leng Kilech and her husband — two principal shareholders of the CBC — at the same time that Canadian authorities were moving to arrest her for money laundering. According to Canadian court documents, she is alleged to have exchanged Canadian \$101,000 into foreign currency between March and June 1994 in a series of sting operations conducted by Canadian undercover narcotics police. Each time the cops identified themselves as drug dealers in need of laundering money, she is alleged to have agreed to accommodate them, according to sources. She is now under indictment for eight counts of money laundering in Montreal. Leng Kilech and her husband are also facing criminal and other charges in Canada for fraud in relation to the losses they suffered when they couldn't meet a margin call on the futures market in Chicago in March. Their assets have been frozen in Canada.

Officials of Marleau Lemire, who say the CBC never had the capital required under Cambodian law, say the Cambodian government should be held accountable to the CBC creditors because they issued a license in violation of Cambodian law. They are threatening to file legal action against the NBC in the Cambodian court.

But when Marleau Lemire moved to seize their assets in Cambodia, things became more complicated.

The Canadian securities firm first asked the Cambodian central bank to freeze the assets of the CBC on 4 April, but according to their officials, were met with a less than enthusiastic response from the central bank Governor.

"The National Bank on receipt of our complaint should have taken immediate action to see that our funds were secured, instead of waiting a month," says Howard Eisen, executive vice president of Marleau Lemire. "The National Bank acted with serious improprieties. Their conduct has been irregular, inappropriate and illegal... this has been a complete sham that the government has been party to."

Eisen points the finger at the bank governor and the Cambodian banking system, saying that the CBC should

never have been issued an operating license and that the assets of the bank were never secured.

"The malfeasance and dereliction of duty of a senior bank officer — the bank governor Thao Pongleat — has caused us harm in both licensing the bank, regulating the bank, and solving the problem. The National Bank misrepresented facts and did not perform their proper duties."

Eisen says the CBC "misrepresented their financials. We know they never had five million dollars. The NBC, by allowing the CBC to represent themselves as a bank and to represent themselves as being funded by \$5 million in assets, is responsible."

And, to add insult to injury, the central bank allowed assets to be withdrawn from the CBC after it had been officially closed and its assets seized on 6 May. On 6 May, the central bank placed its own officials on the premises of the CBC, failing to appoint an independent auditor for more than ten days, central bank officials confirm. Some say it is like putting a fox in the chicken coop.

According to CBC documents obtained by the POST, on May 4 former Cambodian commerce minister and now ambassador to Washington Va Huot deposited \$145,000 in \$100 dollar bills into a personal account at the CBC, according to a CBC deposit slip signed by Huot and obtained by the POST. Va Huot is a long time associate of central bank governor Leat. The CBC was on the verge of being closed at the time of his deposit on 4 May — a fact which was well known within government circles, say central bank officials. On Saturday May 6, two days later, the central bank froze the CBC assets. On Monday morning, May 8, Leat authorized the withdrawal of Va Huot's \$145,000 — despite the CBC assets being frozen.

In a handwritten note, dated 8 May and signed by the head of the central bank's supervision department on Va Huot's CBC bank account balance sheet, the central bank official wrote: "I have received a phone call and received direct orders from H.E. the Governor General at 9:30 am on 8 May, 1995 to make the transfer as requested by H.E. Va Huot for the cause of the Cambodian nation."

The chief of the central bank's supervision department, Chea Sok, was placed in charge of the CBC by the central bank on May 6. He was also the official who signed the loan agreement between the central bank and the CBC, per order of the central bank governor, on 31 May 1994.

Va Huot, who only arrived in Washington on 27 May to assume his new post as ambassador, acknowledged the

transfer of money. In a telephone interview on 30 May, he said: "We made a deposit at the CBC for transferring the money to the U.S. It is government money to bring to Washington."

Va Huot said: "We withdrew the money (from the CBC) because it was time for me to leave Cambodia ... in Cambodia, we can put the money in any bank. There was no preferential treatment."

He refused to answer why he deposited the money at CBC for transfer, only to take it out four days later if the intent was to use the CBC to transfer the funds to Washington. He declined comment when asked why it was necessary to withdraw the money from one local bank to deposit in another local bank, had the purpose been to later transfer it to Washington.

When asked whether the money was brought to the United States in cash, he replied: "That is my secret."

Some banking officials believe that the deposit was only on paper and was an attempt to illegally remove bank assets from the CBC contending it was Cambodian government money and therefore exempt.

Senior government official confirm that the Finance Ministry released \$148,000 on 14 April to Va Huot for repairs on the Cambodian embassy in Washington.

Central Bank officials say that the central bank's authorization to withdraw the money was based on the contention that the deposit was Cambodian government funds, which they decided to exempt from the order to freeze assets. But Cambodian law requires that government funds be deposited in the central bank, not commercial or personal bank accounts. This makes the deposit to Va Huot's personal account illegal, according to Phnom Penh based lawyers.

Va Huot acknowledged that the bank account was his personal account, but said: "In Cambodia an official can put the money in any bank providing this money is safe."

Says Eisen of the Canadian securities firm: "Why would he transfer money to the bank on May 4 if he knew it was under investigation? It would be a prudent impression that this was a fake deposit."

Regardless, central bank officials acknowledge that the withdrawal on May 8 from the CBC violated the central bank's own directive to freeze all assets.

On May 9 — three days after CBC assets were frozen — a letter acknowledging a transfer from CBC of \$380,380 to Theraprim pharmaceutical company in France was received at the CBC, according to a copy of the document on Theraprim letterhead dated May 9.

According to French government documents, Theraprim is 100 percent owned by Hay Ly Eang who is also a nephew of the central bank governor Thao Pengleat.

But how much assets the CBC actually has remains very murky, government sources acknowledge. According to documents obtained by the POST, the CBC in March declared to the government that their bank had a total of only \$4,000 deposits and \$12,000 cash on hand.

Other documents contradict the bank's official reports. For instance, three certificates of deposits of one customer amounting to \$230,000 were uncovered, but no evidence of the whereabouts of the money has been found. When queried, the CBC bank chairman informed officials that the deposits "were a personal loan from him to the customer and not a bank transaction." The certificates of deposit are stamped with the bank seal as on official bank documents.

The POST has learned that an independent liquidator appointed last week intends to file charges against the CBC in Cambodian court, saying that the bank has failed to produce any formal records. "The liquidators have found no accounting records, almost no documents of transfers, withdrawals, bank records," said one source close the investigation. "They are receiving no cooperation from the CBC."

Sources say that the CBC has produced no records of its banking activities in 1995 and few were found on the bank premises after its closure. Officials say that the CBC bank vault "was virtually empty" when central bank officials entered it on 6 May.

In a May 18 letter to the central bank Governor Leat, Marleau Lemire threatened to "take legal action against the National Bank of Cambodia for irregularities in licensing and capitalization of the CBC at the outset." In addition, on May 22, the company wrote again to the governor saying: "We have uncovered and observed a pattern of preferential treatment of the CBC by the National Bank ... unfortunately the National Bank's irregularities continued after the closure of the CBC ... We protest the delay in which the administrator was appointed. During this delay the pattern of partial and favorable treatment was continued by the temporary "administrators" appointed by the National Bank."

Senior government sources say that similar problems exposed at CBC are likely to be revealed in other banks in coming months. Of the 30 banks in Phnom Penh — including 16 local banks with no other branches — several are suspected to be undercapitalized and may be closed after audits are scrutinized. The CBC case, they say, may only be the beginning.

### 'Little Hope' of Rangsi Retaining Assembly Seat

BK1006130195 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 10 Jun 95 pp 1, 11

[Report by Srei Neat]

[FBIS Translated Excerpt] The parliamentary seat of Sam Rangsi, the MP [member of parliament] of Siem Reap constituency, is nearing termination while he is painstakingly seeking foreign support to resist the movement to expel him from the National Assembly as well as a court ruling to nullify the decision to expel him taken by the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party on 13 May.

Some analysts believe that Sam Rangsi has only little hope of keeping his parliamentary seat because in view of the FUNCINPEC Party's regulations and the country's rule of law, there is sufficient ground for removing him without any difficulties.

Om Rasadi, chairman of the National Assembly's Foreign Affairs and International Cooperation and Information and Press Commission, to REAKSMEI KAMPUCHEA said on the telephone at noon on 8 June that the Sam Rangsi case will be discussed by the National Assembly's Standing Committee on 9 June. He did not, however, say whether the removal of Sam Rangsi will be decided before or after the assembly debate on the draft press law. He only indicated that the matter will be known at the end of the Standing Committee's meeting and that the Sam Rangsi issue will definitely be discussed.

According to the National Assembly's procedure, this issue can be included in the assembly agenda only after it has been approved unanimously by the assembly Standing Committee.

Finally, Om Rasadi disclosed that this matter will be decided by the 120 MP's.

THE CAMBODIA DAILY's 8 June issue quoted Kim Sokha, chairman of the National Assembly's Human Rights and Petitions Commission, as saying that he expected that 99 percent of MP's will support the resolution to expel Sam Rangsi from the National Assembly despite the international support for retaining Sam Rangsi's seat.

Sam Rangsi sent a letter on 6 June to National Assembly Chairman Samdech Chea Sim requesting the latter to wait for His Majesty the King of Cambodia's opinion before presenting his matter to a National Assembly debate.

Yet, in view of the news that the National Assembly Standing Committee will discuss the Sam Rangsi case



on 9 June, it appears that the National Assembly will not wait as requested by Sam Rangsi and it is hinted that the Sam Rangsi issue will depend only on decisions by the National Assembly and the FUNCINPEC Party. [passage omitted on the UN secretary general's view concerning the Sam Rangsi case]

Analysts have also paid attention to a move by Sam Rangsi to reinstall himself in his former position in the FUNCINPEC Party's Executive Committee.

Sam Rangsi filed a lawsuit with the Phnom Penh tribunal asking for an injunction to nullify the decision on his expulsion from the party, saying that as it is in violation of the party regulations, the action is invalid.

There was also an encouraging sign for Sam Rangsi as Samdech Kromkhun Norodom Sirivut, secretary general of the FUNCINPEC Party, stated on 7 June that in his capacity as the party secretary general, he had requested that the party Executive Committee meet to reexamine the Sam Rangsi matter. He remarked that the expulsion of a party member has not been done properly in keeping with the party's statutes and regulations.

However, an unidentified senior FUNCINPEC party official told REAKSMEI KAMPUCHEA on 8 June that the party Executive Committee will not reexamine the issue as requested by Samdech Kromkhun Norodom Sirivut because the decision already taken by the Executive Committee is in conformity with the party regulations.

The official added that the Executive Committee met again at the residence of the FUNCINPEC party chairman on the afternoon of 7 June and that the executive committee members all voiced support for the decision on the expulsion of Sam Rangsi from the party. He said the decision to discuss the Sam Rangsi issue again depends solely on the prince party chairman.

For various reasons, it can be seen that the prince krompreah, chairman of the FUNCINPEC Party, will not back down.

The prince told newsmen on 7 June that the Executive Committee's decision was legal, correct, and valid because there was a sufficient quorum at the meeting. He added that there were 10 members, excluding himself, at the meeting and that, according to the party's statutes, eight members present are more than enough to have the quorum.

It has been asked whether Prince Kromkhun Norodom Sirivut made the statement in his capacity as a private person or as the party secretary general. If he acted as secretary general, it can be seen that the minority is against the majority opinion — this is flagrantly

undemocratic. Moreover, this action shows that he is not capable of grasping how the executive committee works.

A senior FUNCINPEC party official remarked that he was also taken by surprise by the statement. He said however he believed that the prince kromkhun certainly made the statement in his capacity as a private person.

In consideration of the aforementioned events, it appears that Sam Rangsi is currently in a state of complete despair.

#### **Khmer Rouge 'Minister' on Preserving Culture**

*BK0906065695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 8 Jun 95*

[Interview with Chan Youran, deputy prime minister, minister of foreign affairs, and minister of the defense of national culture, literature, and customs of the Provisional Government of National Union and National Salvation, by an unidentified correspondent on 8 June; place not given — recorded]

[FBIS Translated Text] [Correspondent] My respects to Your Excellency the deputy prime minister. I represent the Radio of the Provisional Government of National Union and National Salvation [PGNUNS]. Thank you for allowing me to interview you in person today.

Here is one of my questions: Excellency, in your capacity as minister of the defense of national culture, literature, and customs, what is your impression of the current situation in our country concerning our national culture, literature, and customs?

[Chan Youran] As our compatriots know, Cambodian society is currently deteriorating and worsening in all aspects and fields and heading toward collapse. This is because of the traitorous two-headed clique selling out Cambodia to communist Vietnam, the alliance, and foreigners who are opposed to genuine national reconciliation and peace in Cambodia and who continue to ignite the war against our nation and race. In many ways, this directly affects the clean and fine morals and customs of our nation, people, and society as a whole. As a matter of fact, the alliance and the two-headed clique are working to undermine the soul of our nation. In this effort, they are dissipating the clean and fine culture, literature, and customs of our nation and people. In particular, the communists are destroying and annihilating Cambodia's culture, literature, and customs. They are tainting them with the deceitful, insidious, calculating, pigheaded, untrustworthy, hustling, inconsiderate, and villainous nature of the Vietnamese. They are trampling,

demolishing, and annihilating our national characteristics of being gentle, polite, modest, honest, and upright. Communist Vietnam's goal is to turn Cambodia into another Kampuchea Kraom [former Cambodian territory annexed by Vietnam].

I would like to cite two examples to illustrate this situation; namely, AIDS and the Kompong Som casino.

As our compatriots know, our country had no record of AIDS in the past. What happened? AIDS has become a very serious danger to our entire nation, people, and society. The disease is spreading very quickly. It is ruining the sound and clean morals and customs of our people and society and is destroying our nation itself. This is part of the political strategy used by communist Vietnam, the alliance, and the two-headed clique to do away with our nation and race through social warfare.

According to some statistics, AIDS is now spreading faster in Cambodia than anywhere in the world — 1 million of Cambodia's 9 million people are HIV carriers. How bad will this outbreak become in our society in the next few years? As a Cambodian, I am profoundly depressed and extremely indignant at the traitorous clique, communist Vietnam, and the alliance. No Cambodian can accept it. We are seething with anger toward the traitorous two-headed clique, communist Vietnam, and the alliance.

[Correspondent] Thank you, Excellency. Can you tell our nation and people about the cause or causes of the AIDS epidemic in Cambodia?

[Chan Youran] There are many causes. On the one hand, there is the genocidal Vietnamese war that has been going on in Cambodia for the past 16 years. This is the main cause. At the same time, communist Vietnam, its puppets, UNTAC [UN Transitional Authority in Cambodia], and the alliance have allowed more than 4 million Vietnamese nationals to swamp Cambodia at will, bringing in tens of thousands and even hundreds of thousands of Vietnamese whores and thereby sowing AIDS in our society. Another cause is that communist Vietnam, the two-headed clique, and the alliance have brutalized our people — starving millions of them — so they can, on the one hand, conscript our people as soldiers to serve in their war of aggression, and on the other, force our starving teenaged daughters to become prostitutes. Our nation and people as well as the world at large are well aware of the alliance's extremely criminal role in forcing our daughters to work as prostitutes. The chief murderers in this affair are communist Vietnam, Australia, and the two-headed government. They round up Cambodian girls between six and 13 years of age and turn them into whores. They behave in a most bestial manner.

Moreover, it is public knowledge that communist Vietnam and the two-headed government are extremely corrupt. They run whorehouses in Cambodia. There are thousands, tens of thousands, countless brothels in Phnom Penh, Kompong Som, Koh Kong, and other provincial towns. This situation clearly shows that the two-headed clique, communist Vietnam, and the alliance are the chief murderers waging social warfare to destroy the fine culture and traditions of our nation and people, who are seething with anger at them. They must be severely punished before our nation and people and before all of humanity. They are extremely evil beyond all description. They do not have the slightest idea of what is ethical. They have no sense of humanity. They are vultures, ghouls, and monsters who eat the flesh and suck the blood of our adolescent Cambodian daughters. What Cambodian does not feel indignant for this reason alone?

[Correspondent] You mentioned the Kompong Som casino. What is this?

[Chan Youran] As all Cambodian compatriots know, the Kompong Som casino is the result of a treacherous and extremely corrupt act of nation selling by the two-headed government. It is a scheme by communist Vietnam, the two-headed clique, and the alliance to dissipate our fine morals and customs and do away with the soul of our nation. The two-headed clique has permitted a dishonest foreign company to build and run a casino in Kompong Som for 70 years. What does this mean? It means the two-headed clique has sold a large portion of our national territory to foreigners, allowing them to own part of our national territory. In so doing, the two-headed clique has demolished our very territorial integrity.

Nothing like this has been done in any other country in the world. Other countries resolutely defend their national independence, unity, and territorial integrity. As a Cambodian, I am extremely hurt and resolutely oppose the deal. Moreover, the two-headed clique has permitted foreigners to use this large chunk of our territory against our own nation. They are opening this casino at a time when millions of our people are starving and dying from hunger and thirst. They are doing so at a time when our people are becoming destitute, deprived of land, paddies, and orchards; suffering from the danger of war; being killed, injured, maimed, or crippled; and roaming the streets to beg for alms and forage for leftovers to assuage their hunger. This is most pitiful and is unprecedented in our history.

What is this casino, really? It is part of an international network of gambling dens and whorehouses, a place to sell drugs such as marijuana and heroin as well as

contraband, and a hangout for spies and thieves of all types. It pollutes, corrupts, decays, and putrefies Kompong Som and other adjoining and nearby provinces. Starving Cambodian women are forced to have sex in a most perverse manner with foreigners, thus helping transmit AIDS and other diseases in our society.

The goal of communist Vietnam, the two-headed clique, and the alliance is to use this casino as a weapon to demolish our society to make it easy for communist Vietnam to snap at Cambodia, wolf it down, and transform it into another Kampuchea Kraom.

[Correspondent] Thank you. How does your ministry think the AIDS and Kompong Som casino problems should be solved?

[Chan Youran] As our compatriots know, the PGNUNS has paid special attention to this matter and has declared an emergency to our nation and people. In the face of this danger, our nation and people are waging a struggle together with the PGNUNS to solve the root causes of this problem; namely:

1. To end the Vietnamese war of aggression and genocide against Cambodia quickly so that genuine national reconciliation and peace can be restored and the aggravating national and social problems in all aspects and fields can be solved.
2. To settle the problem of the 4 million ethnic Vietnamese in Cambodia by repatriating them all back to Vietnam.
3. To educate boys and girls in our families so they can help preserve and protect the clean and fine morals and customs of our nation and people. This is the duty of all of us who are parents, brothers, sisters, teachers, and Cambodian citizens who cherish our nation and our national culture and traditions.
4. To educate people so they are proud of the nation and themselves; they have a glorious civilization and are fighting with great heroism to save the nation and preserve the race.

[Correspondent] Thank you. Before I take Your Excellency's leave, please say something to conclude this interview.

[Chan Youran] All of us have a firm belief that the struggle of our nation and people is a noble struggle for national salvation. This struggle will surely succeed in protecting and perpetuating our race and our fine morals and customs. This is the significance of the past, present, and future struggle for national salvation of our nation and people.

[Correspondent] On behalf of the radio, I thank you again and wish you the best of health and success.

## Indonesia

**Editorial Urges 'Peaceful Solution' in Bosnia**  
*BK1206101895 Jakarta KOMPAS in Indonesian*  
8 Jun 95 p 4

[Editorial: "What Else Can Be Done To Settle the Crisis in Bosnia-Herzegovina?"]

[FBIS Translated Text] Various circles in the international community seem to be powerless in their efforts to settle the crisis dragging on in Bosnia-Herzegovina. Peace efforts and NATO air raids have completely failed to help end the three-year-old ethnic crisis.

We are surprised at the planned mobilization of the forces of the United States and other NATO members into Bosnia-Herzegovina because they will not pound the positions of Serb militiamen but will instead serve as a shield in an operation to evacuate UN forces from the turbulent region.

The UN peacekeepers have been indeed not spared from harassment by Serb militiamen. Some of the UN peacekeepers were taken hostage and used as a shield against further possible NATO air raids. We can imagine how dangerous the Serb militiamen are.

Many people have questioned why NATO and the Western powers have not conducted a full-scale military operation to stop the aggression by the Bosnian Serbs. NATO has simply conducted limited air raids on the positions of Serb militiamen.

There is a general impression that the United States and its allies are hesitant over the Bosnian crisis. It has been frequently said that the forces of the United States and its allies could be trapped in the difficult Balkan terrain in the same way as the Nazi forces were during the Second World War. In particular, there is strong domestic opposition in the United States against a repeat of the Vietnam War trauma in the Balkan battle field.

Due to NATO's hesitance, a military solution to the conflict seems to be difficult. People have tended to discuss a military solution after various peace efforts failed.

NATO, which has a strong organization and sophisticated weapons, is in fact expected to help end the crisis in Europe. However, NATO's limited military operations have not been effective.

If peace efforts continue to fail and a military solution is difficult, will there be another reliable alternative to end the Balkan turmoil?

People have now reconsidered the possibility of letting the warring Bosnian factions fight until they become



tired. Their energy, stamina, and arms will be used up one day, and they will, thus, lose interest in fighting further.

This thinking has a historic legitimacy. An observer wrote in 1917 that some Balkan people considered a war a real thing, while some others regarded it as mere sport. Probably for this reason, the Balkan region has become a theater of war from time to time, particularly from past centuries until the Second World War.

Nevertheless, it will be very dangerous to let the warring Bosnian factions fight until they become tired. We can imagine that the Serb militiamen will win the dirty conflict. Ethnic cleansing conducted by the Serb militiamen will no doubt result in more casualties among the Bosnian Muslims and great waves of refugees.

Accordingly, we believe that it is not too late to seek a peaceful solution no matter how difficult the process may be. The international community can no longer be agape with surprise on the sidelines, but will instead have to be more active in taking collective and concrete measures to end the Bosnian tragedy.

For example, the Bosnian Serbs can be pressed and cornered without any force but through economic and arms sanctions. On the other hand, the oppressed Bosnian Muslims will be protected and helped. Special pockets need to be formed for the Bosnian Muslims under the protection of an international peacekeeping force.

With the special pockets, the mobilization of Serb militiamen can be detected. Meanwhile, some others believe that Bosnian Muslim militiamen should be fully armed to achieve a so-called "just war."

The warring factions can achieve a military balance and will, thus, be challenged to seek a peaceful solution to the conflict. However, this alternative is full of risks because the physical conflict will escalate and there be more victims. There will surely a very serious implication.

The powerless international community seems to be thinking of various alternatives to settle the Bosnian crisis. The issue of Bosnia-Herzegovina is a complicated and sensitive humanitarian problem.

The Serbs are displaying their arrogance through ethnic cleansing to set up a Greater Serbia despite the global obsession with humanism, peace, justice, fraternity, and amnesty.

The Bosnian crisis is a difficult test for civilizations and the mankind. Will nations in the world be able to fight parochialism, fanaticism, and extremism which are very dangerous for humanity and fraternity.

#### **Alatas: Japan's War Compensation 'Adequate'**

*BK1006092595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 10 Jun 95*

[FBIS Translated Text] Japan's war damages to Indonesia to compensate for sufferings due to Japan's brutality during the Second World War were adequate and should no longer be questioned. Foreign Affairs Minister Ali Alatas told reporters in Jakarta that Indonesia considered the Japanese compensation for the Indonesian people's sufferings during the Second World War was adequate and believed that Japan had admitted its sins. According to him, Indonesia and several other Southeast Asian countries had signed agreements with Japan on the compensation.

Minister Alatas said that the recruitment of Indonesian women as sex slaves during the Japanese colonial rule was a special case and no precise solution has been found for the matter. However, he stated that the Indonesian Government is always ready to help its citizens fighting for a legitimate cause and will first study the cause.

#### **Burma Urged To Back Economic, Political Reform**

*BK0906123495 Jakarta KOMPAS in Indonesian 8 Jun 95 p 4*

[Editorial: "Indonesia Is Indeed Deeply Indebted to Myanmar"]

[FBIS Translated Text] Indonesia is very deeply indebted to the people of Myanmar (formerly Burma). These sentiments were conveyed to General Than Shwe, chairman of the State Law and Order Restoration Council of Myanmar who arrived in Indonesia on Monday, 5 June, for a four-day visit.

During a dinner banquet in honor of Gen. Than Shwe and his delegation, President Suharto on behalf of the Indonesian people expressed the deepest respect for the very valuable aid that Myanmar extended to Indonesia during the critical period of the Indonesian people's struggle to defend their independence.

As a noble nation, we indeed must always be grateful to all parties who have rendered us their services. Myanmar deeply sympathized with and supported the Indonesian people's struggle to defend their independence.

Nostalgia for the past struggle and an expression of gratitude have become more special as Indonesia marks its 50th independence anniversary. We have safely passed 50 years of all ups and downs and are now looking forward to the future with a sigh of relief.

Myanmar is special for us because it contributed to the struggle of the Republic of Indonesia. Describing the Myanmar role, President Suharto noted that the Myanmar people extended very valuable aid to the Indonesian people who were struggling hard to defend their just won independence.

Indeed, the newly independent Republic of Indonesia was facing strong challenges that threatened its survival. During the critical years, Myanmar leaders were among those who urged India to convene a conference on Indonesia in New Delhi. The conference helped Indonesia to win international recognition for its independence.

In addition, Myanmar allowed the installation of communication equipment on its soil to broadcast the Indonesian people's struggle to defend their independence to the world. It is also interesting to note that Garuda Indonesian Airways (now Garuda Indonesia) was allowed to operate from Myanmar to collect funds for the Indonesian people's struggle and deliver arms to Indonesian freedom fighters.

Referring to all the services that the Myanmar people rendered to the Indonesian people, President Suharto said during the dinner banquet for Gen. Than Shwe: "The Indonesian people will never forget all that. As your excellency is with us tonight, the Indonesian people again remember the Myanmar people with a deep sense of gratitude."

Relations between the Republic of Indonesia and Myanmar have been unique and special. Indeed, there have been long-standing friendly relations since they both struggled to gain and defend their respective independence. As time goes by, relations have indeed become less active. The two nations seem to be busy with their own time-consuming domestic affairs.

However, the time has come for the two nations to revive their historic relations and restore mutual trust. The bonds could become a strong asset or basis for economic cooperation.

Both Indonesia and Myanmar need partnership in development. The two nations can learn from each other's superiorities and inferiorities in development. As far as the composition of the Myanmar delegation and the agenda of talks are concerned, Than Shwe's visit is designed to enhance economic relations and cooperation with Indonesia.

Of course, we are interested in why Gen. Than Shwe and his delegation focus on economic cooperation. Hasn't the Myanmar military junta been concerned with naked power [preceding two words in English] more than anything else? A current of change seems to have affected the Myanmar military junta too. We

conclude that the Myanmar military junta cannot avoid the globalization current that emphasizes economic development.

International relations have been increasingly influenced and determined by economic interests rather than political or ideological ones. Friendship between Indonesia and Myanmar should, thus, be geared toward mutually advantageous economic cooperation. We hope that Indonesia and Myanmar will be further integrated into the global economic system.

As long as Myanmar is able to resolutely develop its economy, we predict that it will not be impossible for Myanmar to undergo the process of development and reforms modelled on Taiwan and South Korea.

Taiwan and South Korea were able to achieve impressive economic progress under repressive political systems. In fact, economic progress had a positive impact on political life. Taiwan and South Korea are now undergoing a more stable democratization process.

As long as the Myanmar authorities are oriented to merely political interests and stress naked power, peace and calm will never exist. Nevertheless, genuine stability and peace will never come out from the barrel of a gun, but rather from economic progress and a democratic life.

The Myanmar military junta will certainly face less challenges, at least in a long term, if the people's welfare and freedom are guaranteed. Poverty and backwardness become frequently the fertile ground of frustration, aggressiveness, and unrest.

The very system adopted by the Myanmar military junta seems ironic amid the global political reality that is conducive to democratization. The detention of opposition leader Aung San Suu Kyi, who is widely recognized as a symbol of democratization in Myanmar, remains in the spotlight of the international community.

Nevertheless, the negative impact of the repressive political system will be gradually minimized if the Myanmar authorities seriously undertake economic development as the Taiwan and South Korean authorities once did.

#### **Suharto Supports Burma's Bid To Join ASEAN**

BK1206102095 Jakarta THE JAKARTA POST  
in English 7 Jun 95 p 1

[FBIS Transcribed Text] Jakarta (JP): Indonesia supports Myanmar's [Burma's] wish to join the Association of Southeast Asian Nations (ASEAN).

Minister/State Secretary Mardiono said yesterday that the possibility of Yangon [Rangoon] becoming a mem-

ber of ASEAN had been touched upon during a meeting between President Suharto and the chairman of Myanmar's military junta, General Than Shwe, at the Merdeka Palace yesterday.

Formed in 1967 as a regional socio-economic grouping, ASEAN is comprised of Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

"Of course Indonesia gives its support, while noting that to become a member ASEAN, there are certain procedures that Myanmar has to follow," Mardiono told reporters.

Myanmar was invited as a guest to last year's ASEAN Ministerial Meeting in Bangkok.

Than Shwe arrived here on Monday for a four-day state visit. Today he is scheduled to visit the state-owned aircraft manufacturer IPTN [Nusantara Aviation Industries] in Bandung, West Java, before leaving for Singapore tomorrow.

### Ties

During yesterday's meeting, the two leaders agreed to further promote economic and commercial ties.

Indonesia and other ASEAN members have been criticized for maintaining a policy which they call "constructive engagement" with the military government in Yangon.

Western nations, including the United States, have advocated a policy of isolating Yangon because of its human rights abuses.

The State Law and Order Restoration Council, which Than Shwe chairs, retained control of the country in 1990 by ignoring the results of a national election, which was won by Aung San Suu Kyi. Since then, Suu Kyi has been kept under house arrest.

To foster better ties, it was agreed yesterday that direct flights would be commenced between Jakarta and Yangon.

Mardiono said that a flight from Yangon to Denpasar, Bali, would also be introduced for planes traveling to Australia.

He said that the two countries were examining the possibility of cooperation in matters of natural gas and that Myanmar was seriously considering the purchase of Indonesian-made railway carriages.

### Daily Hails Malaysian Stand on Island Dispute

*BK1006092495 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 10 Jun 95*

[From the "Press Review"]

[FBIS Translated Text] In an editorial, the daily JAYAKARTA focusses on efforts to settle the issue of the Sipadan and Ligitan islands. According to JAYAKARTA, Malaysia's determination to settle the dispute through bilateral means is clearly a positive step toward removing the irritant in relations between the two nations, which belong to the same ethnic group. Bilateral talks may lead to a compromise to achieve an acceptable solution without either party having to lose face. Accordingly, the daily hopes that the dispute will be immediately settled, although we all are aware that it will be impossible to settle the dispute through only several rounds of talks.

### Alatas, Abdullah Review Bilateral Talks

*BK0906162095 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 9 Jun 95*

[FBIS Translated Text] Indonesia and Malaysia have agreed on several bilateral issues, including the issue of Sipadan and Ligitan islands, illegal Indonesian workers in Malaysia, and exclusive economic zones in the Malacca Straits. The two sides reached the agreement during the fourth meeting of the Indonesian-Malaysian Joint Commission, which ended in Jakarta this afternoon. The two delegations were led by Foreign Affairs Minister Ali Alatas and Foreign Affairs Minister Datuk Abdullah Ahmad Badawi respectively.

Here is RRI reporter Ikhtiar:

[Begin recording] [Ikhtiar] Indonesia and Malaysia, which belong to the same ethnic group, held talks in an atmosphere of intimacy, mutual understanding, and fraternity. No significant problems came up during this meeting, despite the long agenda including 18 issues. Considerable progress was made on various issues, most of which were contained in a joint statement.

Many questions on the issue of Sipadan and Ligitan Islands were directed at both Alatas and Abdullah during a joint news conference.

According to Alatas, the two sides agreed to continue consultations on the two islands.

[Alatas, in progress] I would like to let you know that the two sides agreed to continue bilateral consultations on Sipadan and Ligitan islands. Two representatives to be appointed by the Indonesian and Malaysian heads of government respectively will hold informal political



consultations to seek a possible solution to the issue. We will work on this in the coming weeks and months.

[Ikhtiar] Meanwhile, Abdullah said that the two heads of government had discussed the issue of Sipadan and Ligitan islands.

[Abdullah, in progress, in Malay] People expected the issue of Sipadan and Ligitan Islands to become a major problem during the meeting. We would like to tell the press that the issue had been discussed at the head of government level. Prime Minister Dr. Mahathir and President Suharto discussed ways to settle the issue after Malaysia proposed that the issue of Sipadan and Ligitan islands be referred to the ICJ [International Court of Justice]. However, the two leaders later reached a mutual understanding after Indonesia insisted that the issue be discussed thoroughly at the bilateral level. I think that the mutual understanding between Dr. Mahathir and Mr. Suharto symbolized their sincerity in seeking a solution to the issue of Sipadan and Ligitan islands.

[Ikhtiar] Alatas said that the two sides would simply set a date for talks on exclusive economic zones in the Malacca Straits. He was convinced that the demarcation of the border between the two countries would be completed in 2000. The two countries also agreed to enhance coordination on monitoring fishermen. According to Alatas, the two sides made considerable progress on the illegal entry of Indonesian workers into Malaysia, including the legalization of their status. [Abdullah recording indistinct]

Indonesia and Malaysia also agreed to continue efforts to develop the Indonesia-Malaysia-Singapore, Indonesia-Malaysia-Thailand, and Indonesia-Brunei Darussalam-Malaysia-Philippines growth triangles.

The fifth meeting of the Indonesian-Malaysian Joint Commission will be held in Malaysia in 1996. [end recording]

#### India Seeks Support for APEC Membership

BK1206094795 Jakarta SUARA PEMBARUAN  
in Indonesian 8 Jun 95 p 5

[FBIS Translated Excerpt] Jakarta, 8 Jun — India is interested in joining APEC [Asia-Pacific Economic Cooperation] and is subsequently seeking the support of friendly ASEAN members, particularly Indonesia which initiated and hosted the Bogor meeting in November 1994.

Indian Ambassador to Indonesia Sudhir Takaram Devare disclosed this to SUARA PEMBARUAN at his office on Rasuna Said Avenue, Kuningan, Jakarta on Wednesday (7 June). "We have stated this and will try

to attend the upcoming APEC meetings. We, thus, hope that our request to become an APEC member will be accepted," the Indian ambassador said.

He said that Indian membership will benefit the development of APEC whose members are Asia-Pacific countries because India, which has a population of almost 900 million, has economic and investment potential.

#### Bilateral Relations Are Improving

On bilateral relations between the Republic of Indonesia and India, Ambassador Devare, who was accompanied by Embassy Second Secretary V. Mahalingam, said that relations are improving day by day. This is particularly visible in various agreements on economic and trade cooperation as well as cooperation in science and technology. We continue to hold more detailed discussions at the lower level to follow up the cooperation agreements that have been signed, he said.

India which has market, capital, and investment potential has invested a lot in Indonesia. However, their economic and trade cooperation must be followed up. For example, there should be meetings and discussions between relevant bodies such as chambers of commerce, exporters, and investors.

Devare identified Essar, Indonama (synthetic), P.T. [Company Limited] Biratex, Anil Steel, United Phosphorous, and other textile companies as Indian investors in Indonesia. On the reverse side, Indonesian businessmen are making efforts to invest in India. Indeed, there have been minor obstacles, but there are opportunities. The Republic of Indonesia and India must continue efforts to enhance their cooperation, he said.

According to data, 12 Indian investors are investing about U.S. \$250 million in Indonesia.

Devare noted a sharp rise in bilateral trade. Based on bilateral trade data, the volume of trade between the two countries reached almost U.S. \$600 million (1.2 trillion rupiah) in 1994. Indonesian exports were recorded at U.S. \$278 million, while Indian exports totaled U.S. \$318 million that year. Meanwhile, the Embassy of the Republic of Indonesia in New Delhi disclosed that Indonesian exports to India amounted to U.S. \$507.55 million during the 1994-1995 period and its imports from India reached U.S. \$131.6 million. In other words, Indonesia enjoyed a surplus of U.S. \$476 million. [passage omitted on the history of Indian-Indonesian relations]

**'Perceived Threat' From China, Japan Examined**

BK1206100195 Jakarta MERDEKA in Indonesian  
9 Jun 95 p 6

[Article by Dr. H. Ruslan Abdulgani, a political observer and former minister of foreign affairs and permanent representative of the Republic of Indonesia to the United Nations: "A Perceived Threat From the North: Japan or China" — passages in italics published in English]

[FBIS Translated Text] *Strategists count a number of potential flash points in Asia. The Spratly Islands may be moving toward the top of the list. The United States, along with the European Union, has called for a peaceful solution. What seems more likely is that China will use strength of arms to seize ever more of the territory. An East Asia that had long feared it might face a militarily revived Japan is slowly being made aware of what the most likely military threat in the region is.* (THE LOS ANGELES TIMES editorial on 22 May 1995)

**China's Nuclear Test**

China's current foreign policy has been strongly in the spotlight not only because of its expansionism in the Spratlys but also because of the detonation of its nuclear bomb, although the United Nations had just reached a consensus on the extension of the nuclear Nonproliferation Treaty [NPT].

Of course, we remember well that 178 UN members, including the permanent members of the UN Security Council — the United States, Britain, France, Russia, and China which belong to the *Nuclear Club* or which possess nuclear weapons — agreed to indefinitely extend the NPT on 11 May 1995.

Suddenly, China detonated its new nuclear bomb five days later. That was a "test." China wanted to improve its nuclear arms technology because the country lags far behind the other four nuclear powers in the sector.

The Chinese nuclear test was monitored by Australia, Japan, the United States, and other technologically advanced countries. The test took place in Lop Nor in the western part of the Xinjiang Autonomous Region. The nuclear bomb was estimated at an intensity of between 40 kilotons and 150 kilotons of TNT and about 5.9 on the Richter scale.

Although the United Nations has yet to ban nuclear tests and the ban will not take effect internationally until 1996, the test was strongly noted and criticized not only by big countries but also China's smaller neighbors.

**Claim to the Natunas**

As China is more aggressively pursuing its claim to the whole of the Spratlys and the South China Sea as

part of its territorial waters, China is presenting itself as a country that is strengthening its military power for southward expansion.

The Chinese Government in Beijing has even distributed a new map that covers the whole South China Sea, including the Natunas which belong to us. The map shows that China has sovereignty over the islands.

Indeed, we are concerned over the claim. The Natunas contain 45 trillion cubic feet of gas and oil. The State Oil and Gas Corporation and the American company Exxon are investing U.S. \$35 billion, a huge investment of capital and technology, to tap the resources.

Understandably, we have lodged a strong protest with China over the map and asked China to clarify the matter. China has yet to clarify it.

**Underestimating the Regional Forum**

Nevertheless, China's current policy has caused concern. China has clashed not only with Vietnam but also with the Philippines over the Spratlys.

China has completely ignored appeals aired during various *workshops* on the Spratlys. In essence, the workshops have called for a peaceful solution to the dispute. However, the Indonesian-sponsored workshops have been dismissed as coffee shop talks. *Shop talks in coffee shops.*

China firmly rejected foreign interference in the Spratlys dispute at the just concluded ASEAN Regional Forum [ARF] meeting in Bandar Seri Begawan, capital of Brunei Darussalam. The ARF groups the six ASEAN members, Japan, Canada, Australia, New Zealand, Vietnam, the European Union, and several other countries. Altogether, there are 18 countries.

People have begun to think about who really threatens the Asia-Pacific region from the north? Japan or China?

**Japan's Independent Policy**

In general, people have feared the reemergence of Japan as a military power following its emergence as a strong power in the fields of finance, economy, science, and technology. Japan has lately adopted a more independent policy toward the United States instead of a total obedience to the latter. Shintaro Ishihara, a member of parliament from the LDP [Liberal Democratic Party] wrote in 1991 a famous book entitled *The Japan That Can Say No*.

In the book, Ishihara describes relations between the United States and Japan as one between a *master* and a *servant*, although the United States keeps saying that their relations are based on a *partnership*. The United

States is the boss, while Japan is the servant. Ishihara blames Japan itself for the situation because Japan has readily acted as a *yes man*. This should be changed, and Japan should be courageous enough to say "no" to things that downgrade its dignity.

Consequently, the United States has described Japan as a threat to the Asia-Pacific region.

#### New Dynamism

Nevertheless, the Asia-Pacific perception of the threat has now changed due to China's policy toward the Spratlys and its nuclear test. This is what THE LOS ANGELES TIMES said, as I quoted earlier.

Only future developments will prove whether or not the prediction is true. Nevertheless, future developments in the Asia-Pacific region will clearly be full of dynamism and dialectics. Big nations will shove one another. Trends for cooperation will always be accompanied by symptoms of competition and confrontation due to their respective national interests. A tug of war and efforts to dominate one another will take place.

It is important that we prevent ourselves from being trapped and trampled upon in the dynamism and dialectics. Accordingly, we should develop and enhance our nationalism and patriotism. We should also develop the statesmanship of our leadership.

#### Suharto Renews Call To Restructure UNSC

BK1206103595 Jakarta ANTARA in Indonesian  
0656 GMT 12 Jun 95

[FBIS Translated Excerpt] Jakarta, 12 Jun (ANTARA) — President Suharto firmly believes that the United Nations Security Council [UNSC] must be restructured to reflect the existence of real powers in the world because the current membership is no longer appropriate.

"The president wants the Security Council to reflect the existence of the current real powers. For example, countries which have populations of over 200 million should become permanent members of the UNSC," Emil Salim, a member of the UN High Advisory Council on Sustainable Development, told reporters on Cendana Street [President Suharto's residence] on Monday.

Emil Salim, who was appointed by the head of state to represent Indonesia in the high advisory council, attended its meeting in New York recently. The main topic of the meeting was the restructuring of the UNSC.

The restructuring of the Security Council was discussed because the developing member countries of the United Nations believe that the council is no longer relevant with the current situation.

The Security Council is currently dominated by victors in the Second World War, but they have not necessarily succeeded in development. The Security Council permanent members are the United States, China, France, Russia, and Britain.

In addition, there are nonpermanent members, including Indonesia. Africa has no representative as a permanent member of the UN Security Council. [passage omitted on the UN meeting in New York]

#### Dissident Said Seeking Residency in Australia

BK0906131595 Jakarta SUARA KARYA  
in Indonesian 7 Jun 95 pp 1, 11

[FBIS Translated Excerpt] Jakarta (SUARA KARYA) — Foreign Minister Ali Alatas has said that it is too early for him to comment on news about George Yunus Adicondro requesting permanent resident status in West Australia.

"It is too early for me to make any comments because I do not know the facts of the case," Alatas said after opening the ministerial meeting of the Indonesia-Malaysia Joint Commission in Jakarta on Tuesday.

The Australian Government has not received an application from Adicondro to become a permanent resident of Western Australia. John Milne, counselor, public affairs, [preceding three words in English] of the Australian Embassy in Jakarta said to ANTARA.

"Dr. Adicondro has not submitted his application to become a permanent resident of Western Australia and we have not received a request for his extradition," Milne said.

It is the responsibility of the Department of Immigration and Ethnic Affairs to decide on requests to migrate or to take refuge in other countries, he added.

"The Australian Government always considers all applications for permanent resident status by studying the reasons for the request in accordance with the existing criteria for migration," Milne said.

Meanwhile, speaking at a press conference on the All-Inclusive Intra-East Timorese Dialogue (AETD) [preceding six words in English] in Jakarta on Tuesday afternoon, Alatas said that the Department of Foreign Affairs is still awaiting the requests of such parties as the police and prosecutors to deal with the case.

Alatas believes that the case will not damage Indonesian-Australian relations because there have been many similar cases. Relations have not been strained but actually enhanced.



He reckons that even if this controversial figure accused of defaming the head of state becomes a permanent resident of Western Australia, this will not mean, as most people think, that he cannot be prosecuted under Indonesian law. [passage omitted on Australian Embassy explanation of granting permanent resident status to applicants]

### Defaming the Head of State

Adicondro has become a controversial figure because he is accused of defaming the head of state and the Indonesian Government. "He gave lectures attacking the dignity of the head of state and the government," Attorney General Singgih S.H. [Master of Law] said last May.

Singgih said files on Adicondro's case had been handed to the police and prosecutors, but a trial could not take place because the suspect was not in custody. [passage omitted on police issuance of summons letter to Adicondro]

### Alatas on East Timor Meeting in Austria

*BK0906132695 Jakarta MERDEKA in Indonesian*  
7 Jun 95 p 1, 11

[FBIS Translated Excerpt] Jakarta, Tuesday, MERDEKA — Although the All Inclusive East Timor Dialogue, AETD, was conducted in an open manner, the position of the parties from Indonesia and the East Timor overseas community remains unchanged.

Foreign Minister Ali Alatas issued this statement to reporters at the Foreign Ministry in Pejambon in Jakarta on Tuesday (6 June). He was commenting on the recent AETD meeting held in Austria.

According to the minister, East Timorese in Indonesia do not consider decolonization to be a problem and accept East Timor as a integral part of Indonesia. However, the group headed by Ramos Horta, is still adamant on their demand for a referendum.

Foreign Minister Ali Alatas said he has yet to receive an official report from the Indonesian delegation concerning this. Alatas said: "Mr. Lopez Da Cruz has yet to contact me in connection with the outcome of the meeting. I have only just received a photocopy of the declaration."

When asked if he was satisfied with the results of the meeting, Alatas said the question of satisfaction or otherwise did not arise, but that further study and evaluation were needed in accordance with the outcome of a similar meeting held in London.

He said the authorities will definitely deal with issues that are relevant to the declaration, while issues that are less relevant will be taken into account and given further consideration. Besides, it should be remembered that there will be an informal follow-up to this meeting. This will involve the representatives of the two East Timorese groups and not the leaders of the two countries [Indonesia and Portugal].

Alatas stressed that the proposal by Abilio Araujo calling on the UN to drop the East Timor issue from its agenda was nothing new, as Indonesia had continually raised such proposals. He added: "Therefore, Indonesia will definitely stand to benefit from such a proposal, while Ramos Horta will be left dumbfounded."

The persons who consider themselves former Fretelin [Front for an Independent East Timor] members and who had raised proposals at previous meetings were treated as not having any representatives. This is because Abilio's proposal calling on the UN to drop the East Timor issue was made in his personal capacity. He said: "Abilio Araujo had also proposed a personal meeting with President Suharto."

Asked if there would be a follow-up meeting, the foreign minister diplomatically replied that the meeting would definitely depend on the final report submitted by the delegates.

The minister also endorsed Bishop Belo's very important role in the AETD meeting. [passage omitted on Sipadan-Ligitan islands]

### Alatas Backs 'Tripartite Talks' for East Timor

*BK1006094195 Jakarta ANTARA in Indonesian*  
1533 GMT 9 Jun 95

[FBIS Translated Excerpt] Jakarta, 9 Jun (ANTARA) — Foreign Affairs Minister Ali Alatas has reiterated that there is no other way to settle the East Timor issue but through a tripartite dialogue between the Indonesian and Portuguese foreign affairs ministers under the auspices of the UN secretary general.

"No more nor less [preceding four words in English]. No other party can settle the East Timor issue. The issue can be settled only through tripartite talks," he said in Jakarta on Friday when asked to comment on Bishop Belo's possible role in unifying the East Timor people.

When pressed by reporters following the closing of the Indonesian-Malaysian Joint Commission meeting, which started on Tuesday, Alatas said that the East Timor issue will remain an irritant if the two sides have no role in the matter.

"It is impossible to unify East Timor under Bishop Belo," he reaffirmed. [passage omitted]

**Alatas on All-Inclusive East Timor Dialogue**

*BK1006095995 Jakarta ANTARA in Indonesian  
0805 GMT 10 Jun 95*

[FBIS Translated Text] Jakarta, 10 Jun (ANTARA) — Foreign Affairs Minister Ali Alatas has said that the All-Inclusive East Timor Dialogue [AETD] proceeded in full accordance with the original objectives set during a tripartite meeting among the ministers of foreign affairs of the Republic of Indonesia and Portugal and the UN secretary general in January 1995.

"AETD proceeded in accordance with the procedures that had been jointly agreed upon," Foreign Affairs Minister Ali Alatas told reporters after receiving pro-integration East Timorese at the Department of Foreign Affairs in Jakarta on Saturday.

According to Ali Alatas, the procedures included a consensus not to touch political issues, particularly the status of East Timor.

"We agreed during the tripartite meeting that AETD should focus on practical points conducive to the next tripartite meeting in July," Alatas said.

In addition, we agreed last January that AETD would not parallel the tripartite talks.

"Tripartite talks are the only way to settle the East Timor issue in international fora," Alatas added.

Speaking during the news conference attended by Lopez da Cruz [Indonesia's roving ambassador on the East Timor issue], Abilio Jose Osorio Soares [governor of East Timor Province], and several other East Timor leaders, Alatas concluded that AETD had adhered to all the terms set during the January 1995 tripartite meeting.

Ali Alatas reiterated that the government will still study various aspects of the AETD declaration before deciding on steps to strengthen Indonesia's position in the settlement of the East Timor issue in international fora.

**Academics View General Election System Reform**

*BK1206103795 Jakarta REPUBLIKA in Indonesian  
8 Jun 95 p 11*

[FBIS Translated Text] Yogyakarta — The problem of political existence is again being debated in Indonesia. Speaking at a panel forum entitled "General Elections in Perspective" at the University Club in Yogyakarta on Wednesday (7 June), Dr. Yusril Izha Mahendra, a political observer from the University of Indonesia [UI],

noted the country's process of democracy is definitely facing an obstacle.

The obstacle is entrenched within the incomplete infrastructure system. He said: "The problem connected with the process of democracy is rigidly interlinked with the level of education and the level of social well-being as well as a nation's economic situation."

According to Yusril, unquestionably, a nation will face certain problems in connection with the development of democracy, such as the choice to implement democracy to its fullest development and discard all other implications given the reason that numerous infrastructure have yet to be fully completed, or as another alternative, the intensity of democracy needs to be lessened for the sake of maintaining political stability and economic development. Yusril said: "In facing this problem, it appears that the new order government opted for the second alternative."

The government's choice of the second alternative is acceptable. According to Yusril, the Republic of Indonesia underwent an uphill task of trying to develop democracy by augmenting its experience of 15 post-independence years at the grassroots level through the existence of parties. However, intraparty discord was inevitable. Thus, every cabinet that came into existence then was short-lived.

Yusril said an ideal power should be developed at the grassroots level in accordance with the people's sovereignty and a democratic political system. He said: "This democratization process matured and strong political ethics developed."

Speaking at the same function, Dr. Arbi Sanit, who is also another UI political observer, said the time has come for Indonesia to implement an appropriate general elections system. He said: "The government and the people have come to realize the urgency of carry out general elections in a systematic manner. The president's order calling for a study to be conducted concerning the general elections system, the reduction of the ABRI [Indonesian Armed Forces] presence in the parliament, and the debate on the election system, all strongly point toward reaching that objective."

According to him, the ethical implementation of the system concerns the overall improvement of the structural process and the laws governing the general election. Regarding the question of improvement of the structural system, the first step that should be carried out is to neutralize the existing general election structure. In this regard, the general election committee should have an autonomy while the candidates, who are within the structure, should give their undivided cooperation.

Dr. Arbi Sanit said in the effort to improve the stages of the general elections process, there is a need to have political representatives who are capable of serving the authority and simultaneously advocate the people's interests. To achieve that objective, the general elections system should be improved.

Among other things, the passive system of the registration of voters should be changed to an active one. Voters should voluntarily register themselves with the general elections committees instead of the committees making rounds to register the voters.

Apart from this, in the effort to create a balance between the government and political organizations with regard to candidates who will sit in the representative commissions, the voters, therefore, also need to actively participate in selecting the candidates.

#### **Suharto Orders Efforts To Restrain Inflation**

*BK1206110695 Jakarta SUARA KARYA  
in Indonesian 8 Jun 95 p 5*

[FBIS Translated Excerpt] Jakarta (SUARA KARYA) — President Suharto has ordered his cabinet ministers to continue to coordinate efforts to keep inflation below 10 percent for 1995.

Following a limited cabinet meeting for ministers in charge of economy, finance, and development at the Bina Graha Presidential Office in Jakarta on Wednesday, Information Minister Harmoko briefed journalists on Suharto's instructions to keep inflation down.

"Although Indonesia's inflation rate for the month of May was much lower than that in April, we have to continue to keep inflation down," Harmoko quoted President Suharto as saying.

At the limited cabinet meeting that was also attended by Vice President Try Sutrisno, President Suharto instructed Ibrahim Hassan, minister of state for food affairs, to pay particular attention to the causes of rising prices of essential goods.

Harmoko said that the inflation rate was 0.49 percent in May down from 1.69 percent in April. He said in May, food and drinks prices rose by 1.25 percent, clothing prices rose by 0.11 percent, while the prices of various goods and services were up by 0.20 percent. The prices of essential goods indicated a rise of up to 15.35 percent, he added.

Harmoko further said that President Suharto had also instructed the minister of state for food affairs to check if there was a shortage of food productivity. If production was insufficient, the amount should be increased.

The meeting lasted for about two hours and attendees also listened to Agriculture Minister Syrifudin Baharsyah's report on the cultivation of new varieties of paddy, soybean and corn. [passage omitted on names of new crops' varieties and pests]

Briefing reporters about the balance of trade, Harmoko said that Indonesia had a trade surplus of U.S. \$477.2 million in March 1995. He said exports stood at U.S. \$3.486 billion and imports U.S. \$3.095 billion.

Exports were comprised of oil and gas, which accounted for \$883.6 million, and \$327 million of imports. Nonoil and nongas commodities accounted for \$2.603 billion of exports and \$2.6 billion of imports.

The main destinations for Indonesian exports are the United States, Hong Kong, the PRC, Malaysia, and Australia. [passage omitted on cement prices]

#### **Philippines**

##### **Killer of U.S. Serviceman Applies for Amnesty**

*BK1206042395 Quezon City Radio Filipinas  
in English 2230 GMT 12 Jun 95*

[FBIS Transcribed Text] Twenty-three of 46 communist rebels detained in Muntinglupa in Metro Manila, including one of two convicted killers of American officer James Rowe, have applied for amnesty. The prisoners, including Juanito Ita-as, submitted their applications last night to the Metro Manila Amnesty Board. Renato Complimente, Ita-as' coaccused in the 1989 killing of Rowe — a U.S. counterinsurgency expert — did not apply for amnesty. Ita-as and Complimente, both serving life sentences, applied for presidential pardon early this year but a screening panel rejected the applications because it did not consider them political prisoners. It was widely believed that the government rejected their applications because of pressures from the United States, which has openly opposed their release.

##### **Manila Seeks More Talks With Beijing**

*BK1206091295 Manila BUSINESS WORLD  
in English 9 Jun 95 p 8*

[Report by Paul N. Villegas]

[FBIS Transcribed Text] The Philippines wants another round of bilateral talks with China after Manila and Beijing agreed to conduct multilateral development projects in the disputed islands in the South China Sea, Foreign Affairs Secretary Domingo Siazon yesterday said.

Mr. Siazon said the government wants the new round of talks to take place before the ASEAN Regional Forum



(ARF) kicks off in Brunei in early August this year. The proposed bilateral meet will discuss the South China Sea question, multilateral development projects in the area, a code of conduct in the Spratlys, and bilateral economic relations.

"We are still picking a date but it has to take place before the ARF convenes. It will be in Manila this time," the foreign affairs chief said.

Mr. Siazon said the recent visit to Beijing of former ambassador to China Alfonso Yuchengco, who heads the private sector component of the Marine Development Policy Task Force, a special committee created by President Ramos to address the Spratlys issue from a purely commercial standpoint, has produced "some positive changes" on Beijing's attitude in resolving the South China Sea dispute and has given Manila a "clearer basis" in pursuing multilateral projects.

During the Mr. Yuchengco's visit, Beijing assured the emissary that it is open to any multilateral endeavors in developing the South China Sea islands, particularly the Spratlys, into commercially viable entities.

But Beijing said it would prefer multilateral projects in the area be conducted by countries in the Asia-Pacific region only, especially by those states laying claim to the disputed islands.

Asked if the United States would be asked to take part in such endeavors, Mr. Siazon said Beijing would rather limit the participation of other countries belonging to the Pacific Rim.

"What they (China) said was that they are prepared to consider other countries in the region. They are open to multilateral endeavors," he said, declining to confirm if Washington could play any role in future development projects in the area.

The US, which has recently aligned itself with the Asia-Pacific region through its participation in the Asia-Pacific Economic Cooperation (APEC) grouping, has voiced its willingness to assist the six claimant countries settle their dispute over the sovereignty issue in the area. It has also expressed its sentiment against the use of force in resolving conflicting claims and vowed to ensure freedom of navigation in the area's sea lanes.

Mr. Yuchengco has reportedly discussed with Chinese officials and businessmen the parameters of possible projects in the area which the private sector of the claimant countries could undertake. One project being eyed is the development of marine resources.

Following the success of the banker's visit, Mr. Siazon believes that any kind of cooperation with China would

now lead to greater confidence between the two countries.

"It's better to start with small things and not go into the major ones... The important thing is that the multilateral approach is now open," the foreign affairs chief said, adding that no specific time table has been set for joint multilateral projects to take place.

"The time frame was not discussed, but obviously in this game, the faster you can do it (confidence building measures), the better. But I would say we can probably have some (specific) agreements six months from now," Mr. Siazon added.

The Yuchengco-led task force was created by the Ramos government a few weeks after Manila and Beijing figured in a diplomatic tussle last February following the discovery of Chinese military structures and naval vessels on Panganiban Reef, one of the areas being claimed by the Philippines.

The task force's main objective is to focus on creative policy approaches and programs for cooperative development in the areas of the South China Sea which the Philippines does not claim.

The immediate objective of the joint development project among the claimants is to preserve the status quo at the time of the adoption of the 1992 Manila Declaration on the South China Sea.

The disputed islands in the South China Sea are being claimed in whole by China and in part by Vietnam, Brunei, Malaysia, Taiwan, and the Philippines.

Diplomatic sources who spoke on condition of anonymity said utilizing the private sector could serve as a leverage in forcing Beijing to take concrete steps in pursuing multilateral development undertakings with the other claimants instead of doing it bilaterally.

"China would get the upper hand if joint development would be done bilaterally. So the government has got to show them that we are interested in commercial pursuits so that the other claimants could join," a well-placed source told BUSINESS WORLD.

With establishment of the Task Force, Manila is sending Beijing a strong signal that it wants to talk business with them, sources said.

"We are sending them a message without giving them a note verbale [as published]. The private sector really wants to talk to them and discuss commercial opportunities in the Spratlys. But there's a political message there even though it's just joint cooperation," another senior foreign affairs official said.

He added: "The idea is for the private sector to take the lead and explore innovative approaches that are acceptable to all parties concerned."

The appointment of Mr. Yuchengco as head of the Task Force is expected to give the Philippine Government an advantage in its dealings with Beijing because of his background as a seasoned diplomat and his business connections with Chinese mainlanders.

### Three Muslim Groups Attack Military Camp

BK1206091395 Manila BUSINESS WORLD  
in English 9 Jun 95 p 8

[FBIS Transcribed Text] Three Muslim armed groups have again banded together to attack a military camp in Basilan province barely two months after the attack on Ipil town, Zamboanga del Sur, military reports said.

The reports said elements of the Abu Sayyaf, Moro National Liberation Front (MNLF) and an MNLF lost command joined forces to overrun the camp of the 4th Infantry Battalion in Campo Uno, Lamitan, Basilan.

In his report to Armed Forces of the Philippines (AFP) chief of staff, Gen. Arturo Enrile, Lt. Gen. Edgardo Batenga, Southern Command [Southcom] chief, said 21 Abu Sayyaf and MNLF lost command elements have been confirmed dead while casualties from the government side was fixed at seven. Four Abu Sayyaf and MNLF lost command leaders were reportedly wounded in the encounter.

They were identified by the military as Sulaman Salih of the Abu Sayyaf, Dorie Kalahal allegedly of the MNLF lost command, Ustadz Mulahid and Menting Salih, brother of slain Abu Sayyaf commander Barahama Salih.

However, the MNLF said Mr. Kalahal was a legitimate MNLF commander and that clash occurred because soldiers attempted to enter an MNLF camp without coordination. The MNLF leadership has charged the military of violating the interim ceasefire agreement saying what happened in Basilan was a misencounter between MNLF and government troopers.

Mr. Batenga maintained that the government did not violate the agreement, saying Mr. Kalahal was a lost command leader with warrants of arrest for two counts of murder.

His report to the military chief of staff also said three MNLF commanders joined forces with the Abu Sayyaf and the MNLF lost command. The three groups have been tagged as the perpetrators of the Ipil raid which led to the deaths of a number of civilians.

The AFP report said that Army troopers were on their way to Mt. Sinangcapan, Tuburan, Basilan when they encountered a number of armed men in Barangay [Village] Calot in Tuburan around 5:30 a.m. [2130 GMT] last 6 June.

Around 12:30 p.m. [0430 GMT] of the same day another group of Army soldiers encountered Abu Sayyaf and MNLF lost command elements in Lamitan, Basilan prompting the Southcom to deploy two helicopters for air strikes.

The following day, three OV-10 helicopters [as published] conducted bombing operations on Sinangcapan Hill, destroying 12 bunkers and inflicting still undetermined casualties to the Abu Sayyaf and the MNLF.

Abeth Iribani of the MNLF Secretariat said the rebel group will file a protest before the Joint Ceasefire Committee.

### British Firm To Improve Airport Security

BK1206092995 Quezon City MALAYA in English  
9 Jun 95 p 2

[Report by Lawrence Agcaoili]

[FBIS Transcribed Text] British firm Serco-International Aeradio Systems has signed a four-and-a-half year contract with the Manila International Airport Authority to improve security enforcement at the Ninoy Aquino International Airport [NAIA].

IAL [expansion unknown] official Gerard Cummins said the firm will set up a radio crisis control center and provide alarm systems to upgrade NAIA's security.

Cummins added the firm will provide a security adviser.

He refused to divulge the cost of contract but hinted that 35 percent will come as aid from the British Government while the remaining 65 percent will be from loans.

IAL provides aviation, computer, and communications systems and services all over the world. It is well-known for its implementation of total security systems, from perimeter protection and passenger screening to training of security technicians and management personnel.

### Thailand

#### U.S. Official's Visit Viewed

BK1006150995 Bangkok ZHONG HUA RIBAO  
in Chinese 10 Jun 95 p 3

[FBIS Translated Text] Deputy Prime Minister Banyat Banthathan said: The visit to Thailand at this time by

the U.S. assistant secretary of state for international narcotics and law enforcement affairs has nothing to do with politics. His scheduled visit was arranged beforehand. He visited not only Thailand but also Laos, Burma, and Cambodia. The U.S. assistant secretary of state had expressed satisfaction with the drug suppression cooperation between Thailand and the United States and, in particular, the arrest of Khun Sa's associates in Thailand.

Regarding the U.S. request for the extradition of Thanong Siriprichaphong, former MP for Nakhon Phanom, Banyat said: We had already explained the issue to the United States. Like in the United States, the Thai court is independent. The U.S. official understood this and praised Thailand.

#### **Possibility of U.S. 'Interference' in Politics**

BK1006153395 Bangkok THAI RAT in Thai  
10 Jun 95 p 2

[Editorial: "American Interference?"]

[FBIS Translated Text] American influence, or interference, in Thailand's politics probably has existed for some time. Those who are well aware of this are Thai politicians themselves. U.S. interference was clear in the events leading to the formation of the 2d Anan Panyarachun Government when Narong Wongwan lost his legitimacy to be prime minister because of the U.S. suspicion that the politician was involved in narcotics trafficking.

Now, several politicians, especially members of the Chat Thai Party, fear that the United States could interfere in Thailand's politics again. News has been played up by domestic and international media in order to block the Chat Thai Party from forming its own government, even before the registration of parliamentary candidates, because there has been some speculation that the Chat Thai Party, with Banhan Sinlapa-acha as leader, was likely to win the majority of seats this time.

On the same day that the Army organized a session for party leaders to talk about their party platforms to soldiers, Robert Gelbard, U.S. assistant secretary of state for international narcotics and law enforcement affairs, held a news conference at the Regent Hotel in Bangkok where he announced U.S. noninterference in Thailand's election.

However, Gelbard said the United States would still reserve its legitimate right to decide whether or not to issue a visa to any particular politician desiring to enter the United States. This is an indirect but clear hint that blacklisted Thai politicians and their families

would not be given visas for entry to the United States although they may become cabinet ministers or hold political positions.

Although we are not so sure that Gelbard's statement made in Bangkok truly represents the stand adopted by President Bill Clinton, we are happy to hear it because it shows that the United States respects the Thai people's sovereign power. It means the party with the majority of votes is entrusted by the people to form a government to run the country.

The United States must have realized that any interference would constitute a rejection of the sovereign power of the Thai people. This already happened in the past when Thai politics took a twisting turn with only a few words uttered by a White House spokeswoman — the political party which had won the majority of seats to the parliament lost its legitimacy to form a government as a result. The incident made other countries realize the impact of U.S. interference, which is not what they desire.

The United States could interfere in Thailand's politics again should it consider that the top party elected won the seats through vote buying. We, the Thai people, must make the right decision and show to them that money cannot buy us. Let us vote for good politicians and good parties. Only by doing that will we be able to have a good government, free from interference by the United States.

#### **ASEAN Urges U.S., Japan To Settle Dispute**

BK1006134895 Bangkok THE NATION in English  
10 Jun 95 p B1

[FBIS Transcribed Text] Asean has urged the US and Japan to solve their auto and auto parts dispute by adhering to the multilateral framework of the World Trade Organization [WTO].

According to Tet Bunnak, ambassador and Thailand's permanent representative to the Office of the United Nations in Geneva, the Asean Geneva Committee came up with a common position at the meeting on June 2 to urge the world's two major trading economies to sort out their differences via multilateral negotiations, instead of unilateral action which might impact negatively on the WTO.

The Asean Statement reads: "It also expressed concerns on the use of unilateral action to achieve trade policy objectives....in violation of the WTO agreement."



**Japanese Chamber Seeks End To Employee Limits**

BK1206054595 Bangkok BANGKOK POST  
in English 12 Jun 95 p 19

[Report by by Chatrudi Thepharat and Phutsadi Arunmat]

[FBIS Transcribed Text] Japanese businesses want Thailand to scrap the limit on the number of foreigners who can be employed at companies' regional offices.

The Board of Investment [BoI] will ask the Commerce Ministry on Wednesday to abolish or at least ease the regulations following pressure from the Japanese-Thai Chamber of Commerce.

The chamber says the regulations obstruct the transfer of foreign management teams from their home base to Thailand, according to Chakkramon Phasukwanit, assistant to the board's secretary-general.

The board agrees the rules are a major barrier to foreign investment.

Foreign companies, particularly those planning to use Thailand as an export base are allowed a maximum of five foreign staff for each representative office. Applications to set up these offices take at least a year.

The chamber claims five people are insufficient for a management team. At least four Japanese assemblers including Toyota, Honda and Mazda, have expressed interest in using Thailand as a base for exports.

The chamber says management teams for some operations require at least 30-40 staff and Thailand should follow Singapore's lead in easing the process for foreign companies to establish export bases.

Companies with BoI investment privileges managed to side-step the regulations by obtaining special permission for more staff, Mr Chakkramon said at the weekend.

But foreign companies which lack promotional status are unable to exceed the limit and turn to Singapore as their base for exports to Asia.

Thai authorities are worried that if they ease the restriction foreigners will take jobs from Thais. But Mr Chakkramon said that if the Ministry eased the rules the vehicle industry could expand as several Japanese assemblers wanted to relocate their offices to Thailand. This would create jobs. Some vehicle manufacturers from the United States and Europe might follow suit.

The regulations on representative offices were set by the Ministry four years ago based on recommendations from the Joint Public and Private Sector Consultative Committee.

**Exchange of Bodies From SRV Naval Clash Planned**

BK1206050295 Bangkok THE NATION in English  
12 Jun 95 p a6

[FBIS Transcribed Text] The bodies of two Vietnamese and one Thai fisherman killed during the recent naval clash in the Gulf of Thailand will be exchanged as a preliminary to further talks on the fate of captives held by each side, a reliable source said yesterday.

There has been no agreement yet on the fate of 61 Thai fishermen and five trawlers still in Vietnamese custody and the Vietnamese sailor captured during the fighting, he said.

It had earlier been reported the two countries had agreed to exchange prisoners.

A Thai Navy boat, responding to a call for help from fishermen who reported they were under attack, exchanged gunfire with three Vietnamese coastguard vessels in the Gulf of Thailand on May 31.

One fishing boat was rescued, but five others and their crews were captured. Two Vietnamese were killed and a third wounded and captured. One Thai fisherman was killed.

"We will make a start by exchanging bodies and later look into the chances of exchanging the Thai fishermen and the injured Vietnamese we have in our custody," the source said.

The exact date of the body swap has not been fixed.

Acting Foreign Minister Surin Phitsuwon met Hanoi's Deputy Foreign Minister Vu Khoan in Bangkok yesterday for private talks on the issue as senior ASEAN officials met here to discuss the four-yearly summit to be held in Bangkok in December.

Surin told reporters a solution would be reached within the spirit of ASEAN.

Vietnam, presently an observer of ASEAN, will become the seventh member of the grouping at the annual ASEAN foreign ministers meeting in Brunei in July. For this reason its officials attended the three-day senior officials' meeting in Bangkok.

The source said although there was agreement the prisoner exchange should be conducted within the ASEAN framework of mutual respect, there were still differing points of view on the incident and its causes.

Vietnam still claimed the clash took place inside its territorial waters, while Thailand insisted that it happened in overlapping maritime zones, where fishing by both sides is allowed.

In addition, Hanoi claimed that the Thai fisherman was killed by bullets fired by the Thai Navy, while Bangkok blamed the Vietnamese.

**Central Bank Asks IMF To Audit Deficit Data**

BK1006102695 Bangkok BANGKOK POST  
in English 10 Jun 95 p pp 15, 24

[Report by Chonlada Ingsisawang]

[FBIS Translated Text] The International Monetary Fund is to audit Thailand's current-account deficit figures after Bank of Thailand Governor Wichit Suphinit suggested the swelling deficit may have stemmed from data gathering rather than fundamentals.

Mr Wichit said the central bank is concerned about Thailand's current-account deficit, especially an increasing amount of services and unrequited transfers.

The central bank wants to give the right picture and has sought help from the IMF to verify figures.

Mr Wichit said Thailand's current-account deficit is about 5-6 percent of the Gross Domestic Product. The figure is not high as Thailand's economy is growing steadily.

He said Thailand's economic development will expand at 8.5 percent.

Exports would primarily dictate growth. Thai exports in the first quarter were worth 407.2 billion baht, up 19.3 percent on the same period last year. The export value in the first quarter was 31.3 percent of the 195 export target — 1.3 trillion baht.

Imports in the first quarter amounted to about 499.2 billion baht, up 20 percent from the first quarter last year. Trade imbalance was caused by the fluctuation of the US dollar, the predominant currency used in international trade.

Despite an increasing trade deficit, the Thai economy could continue to grow if it could maintain exports at a reasonable level, Mr Wichit said.

He said inflation could go beyond 4.8 percent, yet it is unlikely to rise beyond 5 percent.

Thailand last year expanded its production capacity to boost exports. The minimum wage has risen 10 baht to 145 baht, and oil prices are stable. Thus, inflationary pressure would be affected by higher production costs and not by higher demand.

The central bank will appraise the economic situation of the first half of 1995. Also foreign capital has not flooded into the local market during the first three months of this year, Mr Wichit said.

He said that in May, some US\$2 billion in capital was injected into Thailand. But for the first quarter, US\$1 billion flowed into the country.

The amount of foreign capital inflow this year has not met projections and as a result, lending interest rate cuts are unlikely, he said.

Thailand still depends on foreign capital to finance development. Therefore, it will not impose barriers to block foreign capital. Mr Wichit added that only a 2 percent rise in lending interest rates would not slow down credit growth for the entire economy. This will give credit to needy sectors.

Phisan Manolihakun, Thai Farmers Bank's research centre president, said baht depreciation and a low increase in funds gained from services and unrequited transfers, including tourism and exported labour, had most affected the current-account deficit.

Mr Phisan warned that financing the current-account deficit based on export growth would not be healthy.

Exports depend on the world economy. Therefore, if the world economy faces recession, the local economy could also suffer. Thus, Thailand should investigate other possible options to solve its current-account deficit he said.

**Central Bank Weighs Anti-Inflation Measures**

BK1006103195 Bangkok BUSINESS DAY in English  
10-11 Jun 95 p 3

[FBIS Transcribed Text] The Bank of Thailand (BOT) is considering further measures on top of its high interest rate policy to ensure the inflation rate does not increase beyond the current 5 percent level, BOT Governor Wichit Suphinit said yesterday.

Mr Wichit said credit expansion had tended to slow down since early this year due to appropriate measures imposed on the financial system by the BOT. The policy of keeping interest rates at high levels had forced commercial banks to issue loans to only important industries.

The public has also been urged to cut down unnecessary spending, he said.

Other measures such as monitoring credit extension plans of commercial banks and finance companies, which signal banks to increase interest rates and issue bonds to absorb liquidity, are being considered by the BOT and are ready to be implemented when the time is right, Mr Wichit said.

Commenting on last month's inflation rate, Mr Wichit said the rate was slowing down and remained the same as that of the previous month.

The minimum wage increase was in accordance with the BOT's projections and oil prices did not increase as much as anticipated.

As a result, the economy has satisfactorily expanded at the rate of 8.5 percent and an advancing growth rate is expected in the latter half of the year, he said.

"The four major factors including exports, industrial production, credit and investments have shown that the economy is growing at a high rate and it may expand more than 8.5 percent in the second half of the year," said Mr Wichit.

With regard to increasing food prices which were mainly attributed to the inflation rate, Mr Wichit said the BOT had been trying to solve the problem by supporting the importation of animal feeds and animals for consumption to compensate for the increased demand in the country.

Mr Wichit said this would result in the decrease in food prices and, as a result, a fall in the rate of inflation.

#### **Minister Criticized on Telecom, TMN Decisions**

*BK1206044695 Bangkok THE NATION in English  
12 Jun 95 p A4*

[Editorial: "Parting Lapses May Rebound To Sink Democrat Comeback"]

[FBIS Transcribed Text] A minister from the Democrat Party is threatening to undermine his own Government's achievements over the past two years and eight months with short-sighted actions that will leave problems rather than solutions for the next government. His behavior sends a signal he does not believe the Democrat Party will make it back into government after July 2.

The acting transport and communications minister, Anek Thapsuwan, is trying his very best to sink the boat with his plan to give the go-ahead for the privatization of Thai Maritime Navigation Co (TMN) and the allocation of 1.9 million telephone lines to two private companies and the Telephone Organization of Thailand.

The problem lies not with the ideas themselves — both matters were initiated by the outgoing Chuan government — but with their implementation, which will have far reaching implications on the future of the Thai shipping and telecom sectors. Both deserve greater scrutiny and understanding rather than "rubber stamp" approval.

Anek seems as though he wants to leave the kind of infamous political legacy of Bunchu Rotchanasathian, the former deputy prime minister who so mishandled the TMN project until it reached its current confused state; or Montri Phongphanit, former transport and communications minister, whose approval of the telephone concessions created the biased level playing field we have today in the telecom sector.

Why should TMN deserve more scrutiny? The issue boils down to whether Bara Shipping Co, the company which has won the bid to hold equity in this state-run enterprise, has an excessive level of foreign shareholding. Anek has not done enough homework to dispel the contention put forth by his predecessor, Dr Wichit Suraphongchai, that Bara Shipping is not "sufficiently Thai".

The long-term implication of the joint venture for TMN is clear. The Government wants to use the state shipping company as the foundation for an expansion of the Thai shipping fleet. However, this will not happen if TMN is partly owned by an influential foreign shipping line with conflicting interests.

The 1.9-million-telephone line saga is more complex. The project was launched by former transport and communications minister Winai Somphong as a political popularity ploy although it is more likely to just strengthen the monopolies of TelecomAsia Corp and Thai Telephone and Telecommunication Plc.

When Wichit became the transport and communications minister, he initiated the telecom liberalization master-plan which calls for the privatization of TOT and the Communications Authority of Thailand. Two more licenses will also be issued to private firms to compete with the two agencies to ensure a fair market. But the snag remains with the monopoly clauses which bar both TA and TT&T from new competitors before 1997.

Wichit did not drop the 1.9 million line project (he added 800,000 lines for TOT), but was using it as an olive branch to try and convince the two companies to drop the monopolistic clauses so as to facilitate the liberalized environment. Unfortunately, the party which nominated him to the post, the Phalang Tham, pulled out of the Government.

Anek, a Democrat deputy minister who was appointed acting minister replacing Wichit, simply ignored the long-term aim of the 1.9-million-line project. Instead, he looks at it as another tool to enhance his popularity. He is creating more headaches and complications for the eventual telecom liberalization plan which tackles the problems at their roots.



It is sad to see the Democrat Party shooting itself in the foot. Anek is allowed without intervention from Prime Minister Chuan to act recklessly. This is not doing the Democrat Party any good. After years of pain-stakingly trying to put the house in order for long-term prosperity of the people, this lapse into carelessness and short-sightedness is threatening to undermine the entire vision. The Opposition is right to cry foul.

In this last few weeks before the elections, the Democrat Party should adhere to the ethics of interim governing by not making decisions on major policies. Both the TMN and telephone cases are major national issues. What Anek should do is to work on recommendations for the next government. What he is doing now is promoting a self-fulfilling prophecy that the Democrats won't be back. The house is burning but Anek is drinking water that could be used to extinguish the flames.

#### **Progress of Money Laundering Bill Examined**

BK1206094595 Bangkok NAO NA in Thai  
12 Jun 95 pp 13, 23

[FBIS Translated Text] Phenwan Thongdithae, assistant governor of the Bank of Thailand, has noted that the anti money laundering bill has passed consideration of the Narcotics Control Board, but has not been submitted to the cabinet because of the current government's caretaker status. The bill will have to be considered by the new government.

"The judicial side already organized a seminar on penalties in the bill so that this aspect of the bill will be known once the new government passes it," Phenwan said.

In the initial stage the anti money laundering bill to be submitted to the cabinet should punish only drug related offenses to facilitate its consideration by the cabinet. A more complicated bill will delay its consideration.

According to Phenwan, Democrat MP Pricha Suwan-nathat has also been drafting an anti money laundering bill for cabinet consideration. The bill will cover more areas than the Narcotics Control Board's version. It is up to the cabinet to choose one of the bills to become law.

There is no problem in checking bank accounts of suspects, providing that the cost of the process is not borne by the banks. Therefore, the Bank of Thailand intends to accelerate the bill through the new government because it is essential for every country to have a law against money laundering to protect its image.

#### **Loss of UN Aid to Burmese Students Assessed**

BK1206114395 Bangkok SIAM POST in Thai  
12 Jun 95 p 4

[Editorial: "Deprived Burmese Students"]

[FBIS Translated Text] The United Nations' discontinuation of 2,500 baht in aid to each Burmese student in Thailand is affecting the students' struggle for democracy in Burma and their morale because of the uncertainty of their fates. Thailand could become the victim of this situation, as it did in the cases involving Lao, Vietnamese, and Cambodian refugees.

John Aung, the secretary general of an organization of overseas Burmese students, has expressed concern over the unexplained discontinuation from May of the subsidy by the UN High Commission for Refugees [UNHCR] to 50 of his friends and the UNHCR plan to gradually stop aid to the rest of the Burmese students.

The Burmese student leader admits that the UNHCR subsidy helped finance his group's rallies for democracy and against human rights violations in Burma in front of the Burmese Embassy in Bangkok.

Several thousand Burmese students fled to Thailand in 1988 as the result of their activities against the Burmese dictatorial government and the major suppression campaign after the victory of Aung San Suu Kyi in the 1990 election.

The Thai Government has provided shelter for these Burmese students on humanitarian grounds and the UNHCR has agreed to provide them with 2,500 baht monthly stipends from 1992 until the situation in Burma turns democratic. The international community has been applying indirect pressure to achieve a democratic government in Burma.

Between late 1993 and early 1994, the UNHCR, with the consent of the Thai Government, closed the area which sheltered the Burmese students. This was done to group the 2,000 scattered students into the Maniloi Center under the supervision of the Thai Government.

However, only about 200 students agreed to enter the new center. The rest declined out of fear of losing the freedom to stage rallies against the Burmese Government's dictatorship and human rights violations in front of the Burmese Embassy in Bangkok.

If the reported UNHCR discontinuation of the subsidy for Burmese students is true, the students will be deprived of support and the Thai Government will be saddled with same burdens that were created by the thousands of refugees who were left behind after the wars in Indochina.

**Finance Minister Discusses New Banking Licences**

BK0906044495 Bangkok *THE NATION* in English  
9 Jun 95 pp a1, a2

[Report by Financial Reporters]

[FBIS Transcribed Text] The terms for granting five new domestic banking licenses will be finalized by the outgoing Chuan Government, Finance Minister Tharin Nimmanhemmin insisted yesterday.

The minister chaired a meeting for four hours yesterday with officials from the Bank of Thailand, Finance Ministry and the Securities and Exchange Commission during which they finalized details of a proposal to be submitted to the Cabinet shortly.

"This is a policy initiated by this government so we have to complete the details," Tharin said.

According to informed sources, a new bank is expected to need a registered capital of [baht] Bt8 billion, to be paid up in the first year of operation, but no final decision is made on the minimum capital yet. There will be no limit on assets. Up to 50 per cent of shares will have to be divested to the public. No timeframe is determined for divestiture yet.

Finance companies will not be permitted to upgrade into banks, but they can form the core of investors to apply for licenses. If the finance companies are controlled by an existing commercial bank, the holding has to be sold within 5 years. During this period, existing banks have to be 'silent' partners without voting right. Finance companies also have to sell off holdings of commercial banks before applying for new licenses.

The new measures are intended to safeguard new banks from being controlled by existing banks.

The new domestic banking licenses are part of the new financial master plan under which the Bank of Thailand will also grant the same number of licenses to foreign banks.

Tharin declined to disclose details, but said changes had been made to the original conditions proposed by the central bank.

The Bank of Thailand had proposed that existing finance companies acting as a core for investors vying for new banking licenses would have to set up headquarters in provinces where the central bank has branches — Chiang Mai, Lampang, Khon Kaen, and Hat Yai.

Existing banks with more than 2 per cent stake in any of the new banks would have to reduce the equity holding within five years, during which time they would have to remain a silent partner without voting privileges.

Finance companies would be required to show a five-year good track record with no problems with bad debts and directors could not be people who had been blacklisted by the authorities for whatever reason.

They would have to have served the policy of the government to lend to priority economic sectors and have played a role in rehabilitating ailing finance and securities companies in the past.

Contenders for the new bank licenses include Finance One Group, CP Group and First City Investment.

**Potential Insurers Begin Applying**

BK0806094695 Bangkok *THE NATION* in English  
8 Jun 95 p B1

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Chan Atsawachok, major shareholder of Alphatec Electronics Plc, will apply to the Commerce Ministry for a license to set up a new life insurance company with other partners, according to a Ministry source.

Chan, who owns 16.25 per cent of Alphatec, could not be reached for confirmation yesterday. Petroleum Authority of Thailand and Charoen Phokphan Group will also seek licenses under the partial liberalization program to upgrade their insurance offices into general insurance companies.

Other potential applicants include Sahawiriya Group, Government Savings Bank, and Loxley Group.

The application period for new insurance licenses begins today and will last until September 7, Pracha Charutrakunchai, director-general of the Insurance Department, said yesterday.

He said the department will create a committee responsible for examining the applications and then forward them to a committee established by the Commerce Ministry which has the power to grant the licenses.

Applicants must be a company or public company with Bt500 million in paid up capital to register for the life insurance business or Bt300 million for the general insurance business.

Thai companies or individuals must hold 75 per cent of the total shares of any new company.

Company founders cannot hold less than 25 per cent of registered capital and cannot transfer shares in the first three years, except to transfer for business development.

**Authority of Caretaker Minister Questioned**

BK0906053195 Bangkok *THE NATION* in English  
9 Jun 95 p b1

[Report by Wichit Chaitrong of *THE NATION*]

[FBIS Transcribed Text] The Commerce Ministry will start considering new insurance license applications immediately after they are submitted instead of waiting for the 90-day submission period to lapse, said Minister Uthai Phimchaichon.

Uthai said the committee will not wait until Sept 8 — the date the 90-day period ends — but will start considering the applications within a "reasonable time."

Sarawut Phasuwanitphong, president of the General Insurance Association, said that if Uthai grants licenses during his present term they will be seen as 'illegitimate.' The Chuan government is now a caretaker administration and will leave office after a new government is formed following the July 2 election.

Uthai quickly defended the decision, saying that he did not believe the public will accuse him of being ill-intended before leaving Cabinet.

The minister yesterday set up a committee, chaired by the permanent secretary for commerce, which will have the authority to consider the applicants' qualifications and advise the minister on the granting of licenses.

Establishment of the committee follows an earlier announcement inviting interested insurance investors to file applications between June 8 and Sept 7.

The approval process will comply with the Ministry's regulations and is to be supervised by high ranking officials, he said.

"Anyone who has the wrong concept will say anything about the approval process," he added.

Moreover, anyone can ask for a license because the Ministry has not limited the numbers. More companies will increase the competition in the industry, which will benefit customers the most, he said.

"Uthai earlier told me he will let the new minister handle the issuance of licenses," Sarawut said.

Granting licenses is a new activity which the current minister should not undertake, he claimed.

Sarawut, however, said the examination of applicants may take some time, so it is possible Uthai will not have the chance to issue new licenses.

After the licenses are granted by the Commerce Ministry, the Cabinet will have the final approval.

Other sources said Uthai's announcement for early screening of new insurance company licenses is rather unusual and runs counter to the political etiquette for a caretaker government. Uthai is leader of the Solidarity Party.

**Ministry Admits CPI 'Might Miss' Target**

BK1006121995 Bangkok *THE NATION* in English  
10 Jun 95 pp B1, B2

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] The Commerce Ministry yesterday admitted for the first time that the government might miss its target of keeping the consumer price index [CPI] at 5 per cent by the end of this year.

An official at the Commerce Ministry revealed that the latest revision has shown that the CPI, an inflation indicator, is likely to stay around 5.2 to 5.4 per cent this year — above the 5 per cent target set by the Bank of Thailand.

The forecast came after Deputy Commerce Minister Chaiyot Sasomsap yesterday announced that the consumer price index in May jumped 1.1 percent from April and 5.4 per cent from a year earlier, reflected in the sharp rise in prices for food and beverages.

The 5.4 per cent reading is unchanged from the increase in April's year-on-year figure. However, it remains well above the 5.0 per cent target set by the Bank of Thailand.

Chaiyot, however, noted that he did not anticipate any serious problem if the CPI slightly exceeded 5 per cent, missing the original target.

He added that the CPI is not the most accurate factor reflecting the price situation. This is despite the fact that the private sector has warned that the rising CPI indicates that inflation is increasing sharply in parallel.

The latest inflation figures represent a slight acceleration over April's figures, when the ministry's general consumer price index rose 0.8 percent over March, but were unchanged over a year earlier.

Chaiyot attributed the rise to the increasing prices of commodities, particularly white rice, pork, vegetables, tuition fees, students' clothing, cigarettes and whisky.

But the source also noted that the rising CPI was also partly due to the large sum of money circulating during the election campaign.

Despite the sharp rise of pork due to the shortage of domestic supply, Chaiyot said he would not allow pork imports to solve the high price and shortage in



the domestic market because swine breeders should be protected. Chaiyot said swine breeders have suffered for two years and that should be enough. He also noted that the shortage was temporary.

Importing pork may ease the shortage, but it would cause disaster in the long run not only affecting local swine breeders but also affect soy bean, corn and rice growers, he said, adding that he has already explained this to Deputy Finance Minister Amnuai Patise.

White rice price increases do not transfer much of the burden to consumers and the government will provide further support for rice exports, he said.

Importing cheap pork or other commodities would be a last resort, Chaiyot stated.

Chaiyot pointed out that the CPI usually rose sharply in May, but he said he has not yet seen last May's report.

He said that the CPI index should be divided for each region of the country. For example food prices affect people in the central area, while construction material and clothing prices cause problems for people in the north.

In the latest figures, food and beverage prices leapt by 1.3 percent over April and 7.6 per cent from May last year.

Housing and furnishing prices increased 0.5 per cent over the previous month and 4.2 per cent over a year earlier, while transport and communication prices climbed 0.2 per cent and 1.1 percent.

#### **Interior Ministry Seeks To Import Firearms**

*BK1206045995 Bangkok BANGKOK POST  
in English 12 Jun 95 p 1*

[FBIS Transcribed Text] Another 30,000 firearms will be imported for "welfare" purposes if the Interior Ministry's finance division has its way.

Three months after obtaining Interior Minister Sanan Khachonprasat's approval to import 22,290 handguns and rifles, the Permanent Secretary's Office wants to bring in the new, larger batch.

If approved by the incoming interior minister, it will be the biggest firearm importation in one single lot made by a state agency, despite the Ministry's policy to limit gun imports by private dealers.

Gunshops are each allowed to import no more than 60 handguns and rifles annually.

Ministry sources said the plan drawn up by the division would see the shipment due as early as September.

Provincial governors nationwide have been told to compile a list of buyers for consideration by the end of July.

Although only officials and employees of the Ministry and agencies under its control are eligible to buy the firearms, ministerial assistants have also lodged applications.

The number of firearms to be imported might be increased as more than 100,00 officials and Ministry employees want them.

The import of firearms will be split among seven major arms dealers in Bangkok except Louis T. Leonowens Co Ltd which was awarded the contract to import the entire first shipment.

Although buyers would be prohibited from selling the firearms for five years, except in the case of transfers to other officials in the same agencies or through inheritance, violators of this condition would face no penalties, the sources said.

The deal has attracted foreign arms dealers including one from Egypt which offered to provide an automatic rifle.

The proposal was rejected, however, because the model was considered to be more suited to warfare.

Several state agencies can procure firearms for official purposes without Interior [Ministry's] approval, but none have brought in anywhere near as many as the ministry.

Many firearms imported for "welfare" purposes have been resold to officials or other persons ineligible to receive them, the sources said.

### **Vietnam**

#### **Commentary Cites Cooperation on MIA Issue**

*BK0906122795 Hanoi Voice of Vietnam in English  
1000 GMT 9 Jun 95*

[Station commentary]

[FBIS Transcribed Text] Vietnam has returned to the United States another six sets of remains of U.S. servicemen killed during the Vietnam War, bringing the total number of remains of American servicemen handed over to the U.S. by Vietnam to 500. On this issue, the Voice of Vietnam has this to say:

At present, Vietnam and the United States have been cooperating in solving the MIA issue. Considering it a humanitarian issue, the Vietnamese Government has so far created every possible opportunity to facilitate the

search for the American servicemen missing in action during the war. This fact has been acknowledged and appreciated by the world public, including Americans.

Chinese newspaper HUMANITARIAN DAILY pointed out: Vietnam has been very cooperative and fully met request by the United States. Vietnam has provided the U.S. tens of thousand of documents, samples, and pictures to help solve the issue when there was no representative office of either side in their respective countries. Vietnam has followed U.S. diplomats staying in Vietnam to get involved in the process and provide the American experts with access to important dossiers concerned, and conduct joint searches in Laos and Vietnam border areas.

American public also appreciates Vietnam's cooperation which resulted in positive results of the field searches. American experts acknowledged that Vietnam has been fully cooperating in the search for remains of the American servicemen missing in action during the Vietnam War. In its editorial, THE NEW YORK TIMES remarked: Vietnam has been doing all it can to cooperate with the U.S. in this field. Senator Kerry affirmed that Vietnam's explanation on the MIA issue is the most clear cut and comprehensive one in the history of armed conflict. Press Secretary of the White House Michael McCurry declared that: We are very pleased with the Vietnamese Government's cooperation in solving MIA issue. In his recent visit to Vietnam, Senator John McCain said: The U.S. Government has appreciated precious assistance of the Vietnamese Government and people. In an interview with the magazine INTERNATIONAL AFFAIRS, he said: The bilateral cooperation in this issue is wonderful. He pointed out that: What they have been doing are of great significance. This cooperation is more meaningful when there remains some 300,000 Vietnamese soldiers missing in the Vietnam war. Senator John McCain expressed the hope that the two sides will join effort and help each other to solve the MIA issue of both sides as soon as possible.

#### **Radio Reviews Economic Relations With U.S.**

*BK0906115395 Hanoi Voice of Vietnam Network  
in Vietnamese 0015 GMT 8 Jun 95*

[From the "International Topics" program]

[FBIS Translated Text] Over a year ago, United States President Bill Clinton announced the lifting of the trade embargo against Vietnam. This wise decision has been widely welcomed by the public, and especially by American business circles. American businessmen, who had shown concern about the possibility of missing business opportunities in this potential market, are now trying not to be left behind by those who arrived in

Vietnam before them. The efforts of the American businessmen have brought considerable results. As of February 1995, one year after the lifting of the embargo, the United States has risen to the rank of 13th among investor countries in Vietnam, with \$270 million in 28 projects. Similar to other countries, investment projects by American companies focused on oil and gas, tourism, and services. Most recently, the American company BBI received a license to build a tourism resort on the central region coast with a cost of \$243 million, becoming the largest American investor company in Vietnam.

American companies brought to Vietnam various types of machinery, equipment, fabrics, and clothing made by American firms but brought to Vietnam by Hong Kong and Taiwanese traders. Vietnamese goods exported to the United States include agricultural products such as rice and coffee. By now there are about 40 representative offices of American companies in Vietnam, and about 100 other companies are present here. Noteworthy among these companies are top-ranking enterprises such as American Express, Citibank, IBM, Motorola, Mobil, Continental Airlines, and others.

A special point to note is that after the American trade fair in Vietnam in April 1994 and the Vietnamese trade fair in the United States in September 1994, many American companies have come to Vietnam to study the market and develop their business activities here. Maureen Flanagan, executive director of IBM in Vietnam, believes in the business potential here and reveals that in the last three months of 1994 IBM sold more computers in Vietnam than it sold in all Asian countries in all of 1994. Mobil, a prestigious oil and gas company in the United States, took up the 27th contract to explore for oil and gas in the Thanh Long [Blue Dragon] oil field, marking Mobil's effort to invest in Vietnam after the trade embargo was lifted. Mobil was the company which discovered the Bach Ho [White Tiger] oil field in 1974, and was proud to come back to Vietnam at this time. Mr. (Acord), vice president of Mobil, says: We put our hope in the structure of Thanh Long oil field, and we also wish to participate in other structures along the Vietnamese continental shelf. Mobil wants to be Vietnam's long term business partner.

Apart from IBM and Mobil, other American companies in Vietnam are optimistic about their business opportunities, and wish to further develop their cooperation with Vietnamese partners.

To help develop economic relations between the two countries, the American Chamber of Commerce was established in Vietnam in May 1994 with the participation of nearly 70 American companies. Alfonso De Matteis, its chairman, explains that the office wishes to enhance

American business interests in Vietnam and develop relations between the two countries. We also want the office to help other American businessmen who want to do business in Vietnam.

The latest activity that sped up the normalization of Vietnamese-American economic relations was the establishment in April 1995 of the American-Vietnam Commerce Union in the United States. This organization includes 46 large companies representing various industries in the United States. The union will encourage investment in sectors essential to Vietnam and the United States by companies with the requisite expertise, infrastructure, machinery and equipment, transport facilities, and trading capability.

Many American companies believe American-Vietnamese economic relations are developing too slowly. The main reason is that Vietnam and the United States have not established full diplomatic relations. The liaison office was established mainly to take care of the missing American servicemen issue and other diplomatic affairs. American businessmen hold that the absence of full diplomatic relations and the fact that Vietnam has not been granted most favored nation [MFN] status are major hindrances to their businesses here. Virginia Foote, who chairs the U.S.-Vietnam Commerce Council, believes that without diplomatic relations and other agreements on commerce and the MFN, American companies have to operate in an environment less favorable than that enjoyed by companies from other countries. American companies hope that the two governments will speed up their normalization of diplomatic relations so as to create favorable conditions for their businesses in Vietnam.

#### **U.S. Firms Join Power Joint Venture**

*BK1106085395 Hanoi VNA in English  
0638 GMT 11 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 11 — A [U.S. dollars] USD 300 million project in coal fired electric power is being jointly built by the Vietnam Coal Corporation (Vinacoal) and the Vietnam Electric Partner L.C. (VEP) of the US.

Under the project, a two generator thermal electric plant with a combined capacity of 100 mw will be built in the northern border province of Lang Son including related facilities for coal and limestone exploitation, storage, a water supply, a 35 kv transformer and an electric grid. Coal of low calorific heating value for the plant will come from Na Duong Mine which can supply the plant for a period of 30 years.

Finances for the project are based totally on loans from the World Bank (WB) and the Asian Development Bank (ADB).

When operational, electricity turned out by this plant will be for use in Lang Son Province and exported to Guangdong Province in China.

It is expected that this joint venture would pave the way for Vinacoal and VEP to implement other thermal electric power projects of this kind — using low grade coal — on a greater scale, and cooperate in other infrastructural development projects in Vietnam.

#### **ASEAN Wants SRV Pledge on Economic Goals**

*BK0906124595 Singapore Radio Corporation of  
Singapore in English 1000 GMT 9 Jun 95*

[FBIS Transcribed Text] Senior ASEAN officials have agreed that Vietnam will have to commit itself to specific goals to open its economy after it is admitted into ASEAN next month. The officials, who met in Brunei last month, also agreed that Vietnam's commitment should be made in the form of an exchange of letters with Brunei, which is chairing the ASEAN Standing Committee. Among other things, the letters will bind Hanoi to extend most favored nation status to ASEAN countries. This was disclosed in a report on the officials' meeting.

#### **Editorial Calls for More Development Centers**

*BK0906112495 Ho Chi Minh City THOI BAO KINH  
TE SAIGON in Vietnamese 11 May-17 May 95 p 2*

[Editorial: "Building More New Economic Development Centers"]

[FBIS Translated Text] Between the promulgation of the Foreign Investment Law (1988) and 1994, Vietnam has attracted more than \$11 billion in investment capital, concentrated in major provinces and cities of economic developing zones. In 1994, only five provinces and cities (Ho Chi Minh City, Hanoi, Haiphong, Dong Nai, and Song Be) secured nearly \$3 billion out of \$4 billion of foreign investment in Vietnam. Few major investment projects of more than \$100 million are located in Central Vietnam, the Western Highlands, and the Mekong River Delta — except in Quang Nam-Da Nang Province.

The investment of foreign capital in various localities in economically developing zones begins with investor benefits and convenience, good infrastructure, suitable transportation, fine services, skillful workers, plentiful contingent of scientific and technical cadres, and so forth. These advantages, together with a higher starting point of capital in some areas, are the causes of the imbalance of development among various economic



zones and of great disparity in income distribution. Prosperous areas continue to become more so, poor areas continue to suffer!

We have witnessed investment achievements and shortcomings in neighboring countries. Due to the priority development of industries and investment in coastal areas, China has created two poles of poverty and wealth and two lifestyles, civilization and extreme backwardness, in one country. Therefore, China cannot stop the influx of people from the countryside to the highly developed cities to eke out a living, causing many social problems that need to be solved.

In our country, the influx also causes concern, although it is at a lower level than in China. Hanoi and Ho Chi Minh City are under great pressure from people moving in from the provinces to look for jobs. Some even turn to begging. Also, a considerable number of workers and highly skilled people from Hue, Da Nang, and other localities are moving to the big cities to work in professions not related to their skills — a great waste of training.

We cannot repeat the Chinese lesson.

After inspecting the Dung Quat area (Quang Ngai) on 19 September 1994, Prime Minister Vo Van Kiet decided to begin planning an oil and gas port and oil refinery in the same industrial "complex" in this area, using it as a base to develop the economies of central Vietnam and the Western Highlands. With the Dung Quat project — of course, we will not stop at this project only — the government has outlined a strategic plan for economic development. The plan is to develop the economic potentials of areas which have not been developed, narrow the gap on economic development and income disparity in different areas, and gradually create a balance in the national "economic body".

Now on the map of major economic development areas, beside the growth triangles of Ho Chi Minh City-Dong Nai-Ba Ria Vung Tau, Hanoi-Haiphong-Quang Ninh, Can Tho area, and others, we will add one more in Da Nang-Lien Chieu-Dung Quat.

Building more economic development centers is a necessary step in the national development strategy.

#### **Vietnamese, Swedish Prime Ministers Hold Talks**

*BK1106103695 Hanoi Voice of Vietnam in English  
1000 GMT 10 Jun 95*

[FBIS Transcribed Text] Vietnamese Prime Minister Vo Van Kiet and his Swedish counterpart Ingvar Carlsson held talks in Stockholm. The two sides had unanimous views that the traditional friendship and cooperation between Vietnam and Sweden have been consolidated

over the past two decades and that typical cooperation for the north-south relations have been further developed. Mr Carlsson praised Vietnam's open door foreign policy and welcomed its joining the ASEAN. He affirmed that the Swedish Government would continue to support Vietnam's renovation process.

#### **Ties With Iceland Reviewed**

*BK0806105295 Hanoi Voice of Vietnam in English  
1000 GMT 7 Jun 95*

[Station Commentary]

[FBIS Transcribed Text] Vietnamese Prime Minister Vo Van Kiet concluded his official visit to Sweden on Wednesday and he and his party will arrive in Reykjavik on Thursday, starting a visit to Iceland. Following is our review of relations between Vietnam and Iceland.

Although the Republic of Iceland has the population of only 240,000, it is a rather developed country with salt, seafood catching, and processing industries.

Iceland and Vietnam set up diplomatic relations in 1973. The current two-day visit to Iceland by Prime Minister Vo Van Kiet is to develop Vietnam's foreign policy of befriending all countries. The trip is a continuation of Prime Minister Vo Van Kiet's tours of Luxembourg, Denmark, Norway, Finland, and Sweden to strengthen bilateral relations with countries in Northern Europe.

This is the first time a Vietnamese Prime Minister has visited Iceland. Both sides will discuss measures to strengthen friendship and cooperative ties in many fields, particularly those with great potential for both Vietnam and Iceland.

It is reported that former Prime Minister Steingrimur Hermannsson and former Foreign Minister Mathiesen will visit Vietnam to discuss agriculture cooperation.

The exchange of high level visits will promote friendship and cooperative ties between the two countries.

#### **Vo Van Kiet Visits Iceland, Returns Home**

*BK1106084795 Hanoi VNA in English  
0602 GMT 11 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 10 — Prime Minister [PM] Vo Van Kiet paid a two day official visit to Iceland from June 8 as guest of his Icelandic counterpart, David Oddsson.

Upon his arrival in Azlandu Airport, Reykjavik, Mr. Kiet and his entourage were welcomed by Icelandic Prime Minister David Oddsson. It is the first visit made by a highest leader of Vietnam to Iceland since the two countries established diplomatic ties in 1973.

In the evening of the same day, the Icelandic prime minister and his wife gave a grand banquet in honour of the Vietnamese guests.

Yesterday morning the two prime ministers held talks, during which they informed each other of the socio-economic situations in each country and compared notes on the bilateral relations between the two countries as well as the regional and international issues of common concern.

Prime Minister Oddsson welcomed the achievements recorded by the Vietnamese people in their renovation process. He applauded Vietnam's foreign open door policy and its ASEAN membership, described it an active contribution to the maintenance of peace, stability and cooperation, and development in the Asian-Pacific region.

The two prime ministers noted with pleasure that the bilateral relations between the two countries in socio-political, cultural, and scientific and technological fields, as well as the exchange of visits of officials at different levels and branches.

The two countries will push up preparation for signing on an early date frame agreement on economic, commercial, scientific and technological cooperation, and agreements on investment promotion and guarantee, and on avoidance of double taxation, in order to create legal basis for long-term bilateral.

Prime Minister Kiet hailed Iceland's companies to invest in Vietnam especially in fields that Iceland is much experienced such as fisheries and sea product processing.

Mr. Kiet expressed his thanks to the government and people of Iceland for their warm support to Vietnam's national salvation in the past as well as in the current renovation process. He invited Prime Minister D. Oddsson to visit Vietnam at a convenient time.

During their stay in Iceland, the Vietnamese prime minister and his entourage called at Bingvellir, the Nejavellir Geo-Thermal Power Plant, one of the first such power stations in the world, and Tingvellir National Park in Reykjavik.

PM Kiet had a meeting with senior officials of Fridrikalsson, an Icelandic union of frozen factories, to exchange views on possibilities for the latter in helping Vietnam in sea food processing.

Also yesterday, PM Kiet paid a courtesy visit to the Icelandic President Ms Vigdis Finnbogadottir.

Speaking to his host PM Kiet reiterated Vietnam's wish to establish and promote the long term and multisided

cooperation with Iceland and create favourable conditions for Icelandic businessmen to invest in the country.

Mme Vigdis, for her part, described PM Kiet's first visit to Iceland as a historic event in the two countries' cooperation.

Later, the new accredited Vietnamese ambassador to Iceland, Mr Pham Quoc Bao presented his credentials to the Icelandic president.

PM Kiet arrived in Hanoi this afternoon concluding his two week Europe tour.

#### **Vo Van Kiet's Northern Europe Visit Viewed**

*BK1106145095 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 11 Jun 95*

[Interview with Foreign Minister Nguyen Manh Cam by an unidentified station correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] Dear Mr. Foreign Minister, Prime Minister Vo Van Kiet has just concluded his visit to a number of Western and Northern European countries, could you please elaborate the key achievements of this visit?

[Nguyen Manh Cam] Prime Minister Vo Van Kiet and the Vietnamese Government delegation just visited Luxembourg and five Northern European countries. Although these countries have relatively small populations and some have an area more or less the size of Vietnam, they are economically, scientifically, and technologically developed nations. Their people enjoy a high standard of living and have an average per capita income — in term of gross national product — of \$24,000-\$28,000. The Finnish people, who are considered to have the lower per capita income, earn about \$18,000. Each country has its own great potential in various fields. During the visit, our prime minister and the Vietnamese Government delegation have done their best to strengthen the friendship and sentiment these countries have reserved for Vietnam for quite sometime. They provided strong support for our country in its war of resistance for national salvation and reunification in the past. Many people of these countries, who supported Vietnam in the past, are now holding high positions such as ministers, prime ministers, and national assembly chairmen. They expressed delight in welcoming the Vietnamese delegation. They said that they have monitored events in Vietnam and are delighted to see Vietnam's very significant achievements in the renovation undertaking and in implementing the open door foreign policy. On this basis, they said that Vietnam has great prospects in various domains and attributed this to the successes of the renovation. They said that Vietnam,

with a population of 73 million, is a big market and a reliable trade partner. They also said that Vietnam is their faithful friend and thus wanted to expand cooperation with Vietnam. This has manifested in our great prospects for development and our prestige in the international arena. For this reason, our prime minister received a warm welcome and experienced a sympathetic atmosphere during his meetings and talks with leaders of these countries. They have reached agreements with our prime minister on cooperation. They affirmed that they will share with Vietnam their great potential and experiences and are ready to cooperate with Vietnam in various domains. It can be said that our prime minister's visit has not only strengthened these nations' existing sentiment toward Vietnam, but has also enhanced our friendship with them as shown by their sincere pledge to expand cooperation with Vietnam. As a result, the visit has opened up a new cooperation stage between Vietnam and these countries. The question now is that we must do our best to seize the opportunity and exploit the potential offered by these countries while striving to implement the agreements reached by our prime minister with his counterparts in these nations. This is an opportunity that we must seize to overcome ordeals and difficulties as raised by our party congresses. Again, I think that this is a very successful visit. If we can turn the results of this visit into reality, it will create a significant impact for our national development in the future and will greatly contribute to the cause of national industrialization and modernization to fulfill the objectives of making our people prosperous, our nations powerful, and our society equitable and civilized as set by our party.

[Correspondent] Mr. Foreign Minister, you have just mentioned the achievements of our prime minister's visit to several Western and Northern European nations; could you give us some more viewpoints of these friendly countries regarding our renovation undertaking?

[Nguyen Manh Cam] It can be said that all the countries we visited, not only their leaders and businessmen, but also their people, said that they learned about the great achievements recorded by Vietnam in the renovation undertaking as well as successes in our foreign policy. They warmly welcomed these achievements and said that they see Vietnam's great potential in various domains. They contended that Vietnam will be able to quickly advance further to fulfill the objectives set by the party and state. For this reason, they are very confident in our national development process and are ready to cooperate with us for mutual benefit. I can say that, through this visit and other visits by our high level government delegations to these countries, our

nation's position and role in the international arena have been remarkably enhanced; that our friends in the world are many; and that we received warm and esteemed welcomes from them. They have also admired our people's heroic impetus and struggle for national independence while highly appraising our creativeness in the renovation undertaking.

[Correspondent] Mr. Minister, accompanying the Vietnamese Government delegation during the visit, we saw that these countries paid special attention to the environment protection program. Did our prime minister have any discussions at all with leaders of these nations on the issue?

[Nguyen Manh Cam] While discussing measures to promote economic, trade, and scientific-technological cooperation with these countries, we realized that they have paid keen interest in protecting the environment; many of them have scored great achievements in this regard and they have expressed readiness to help Vietnam protect the environment. They contended that the process of development must be in close association with that of environmental protection. I can say that while formulating orientations to cooperate with Vietnam in the industrial, agricultural, and scientific-technological domains, these nations are ready to help Vietnam improve the environmental protection program.

[Correspondent] Thank you very much, Mr. Minister.

#### **Nguyen Manh Cam Calls Trip 'Very Successful'**

*BK1106150795 Hanoi VNA in English  
1445 GMT 11 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 11 — Vietnamese Foreign Minister Nguyen Manh Cam has described Prime Minister Vo Van Kiet's European visit as very successful and said that the success of the visit would help Vietnam attain fast development in the future and contribute to the present process of industrialization and modernization as laid down by the Vietnamese Communist Party.

In an exclusive interview with VIETNAM NEWS AGENCY (VNA), Nguyen Manh Cam, who accompanied the prime minister on his just ended official visits to Luxembourg, Denmark, Norway, Finland, Sweden and Iceland from May 28 to June 9, elaborated that what have been agreed upon between Vo Van Kiet and leaders of these countries are the possibilities for bilateral cooperation, first of all, in the areas where they are strong. On the other hand, he added, these countries are ready to promote cooperation with Vietnam in any fields required by Vietnam.



'The European trip', Mr. Cam stressed 'has not only renewed the traditional friendship and sentiments between these countries and Vietnam but also has widened areas of cooperation, thus marking a new stage of development in the cooperative relations between Vietnam and these European nations.'

Asked about these countries' view on Vietnam's renovation process, the foreign minister said that these countries welcomed the achievements Vietnam has recorded in its current reforms and expressed their hope that Vietnam would steadily advance forward to achieve the goals it has set.

'That is why', he pointed out, 'they do believe in all what have been agreed upon during the visits with a view to promoting the mutually beneficial cooperation between these countries and Vietnam. The visit, together with previous trips by Vietnamese party and state leaders, has shed more light on the issue and it is clear that Vietnam's position and role in the international arena have been on the constant rise', Foreign Minister Cam also said.

'One more thing', he added, 'is that these countries have not only acclaimed Vietnam's renovation policy but also welcomed its joining the ASEAN as a full member. This, in their view, is commensurate with the prevailing trend and coincides with the common interests of regional countries on the one hand, and will help Vietnam to broaden its ties with other countries all over the world and create favourable conditions for wider cooperation between other countries and Vietnam on the other', Mr Cam concluded.

#### **Vo Van Kiet Discusses European Trip**

*BK1206064095 Hanoi VNA in English  
0628 GMT 12 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 12. — Prime Minister Vo Van Kiet has told a staff correspondent of the Army paper QUAN DOI NHAN DAN in an interview after his return from Europe that 'Vietnam should be fully aware of all potentials European countries possess as well as the benefits from bilateral economic cooperation in a bid to capitalize on every opportunity to promote cooperation and investment for national development'.

Mr Kiet, who returned on June 10 from his official visit to six European nations including Luxembourg, Denmark, Norway, Finland, Sweden and Iceland from May 28 to June 9, further said:

'Each country has its own potential and strength, and all of the visited countries are ready to cooperate with Vietnam in various forms. I think the potentials

for economic cooperation, investment and trade are available and enormous. However, Vietnam should select economic areas where each country has been stronger in order to make better and effective use of their potential.'

Vo Van Kiet also said that his European tour was part of Vietnam's efforts to carry out its open door policy of broadening cooperation with all countries around the world.

'The visit has opened up a lot of possibilities for cooperation with these nations in political, economic, commercial, cultural, scientific and technical sectors', the PM concluded.

#### **Paper Previews Visit of Netherlands Premier**

*BK1206070095 Hanoi VNA in English  
0646 GMT 12 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 12 — The national daily NHAN DAN describes an official visit to Vietnam by Prime Minister of the Netherlands Willem Kok, which begins today as 'of important significance'.

In a frontpage editorial, the daily says :

'An official friendship visit to Vietnam by the head of the Dutch Government, which has been long expected, will be of important significance as it is the first summit meeting between the two governments since their diplomatic ties were established in 1973.'

The editorial also says that the trip will open up new perspectives of Vietnam-Holland friendly relations and multifaceted cooperation to meet the requirements for development of both countries and also of Vietnam and the European Union (EU).

Even before the establishment of their diplomatic relations, the Dutch Government and people had granted aid to Vietnam in different forms: direct, humanitarian or through international organizations. The Netherlands has also written off a 14.9-million USD debt belonging to Vietnam', the paper recalls.

The Netherlands now ranks third in Europe and tenth in the world on the list of foreign investors in Vietnam with a total investment capital of USD 400 million in 14 projects in various economic sectors. Two-way trade rose to 65 million USD in 1994 from 18 million in 1990. The Dutch Government has set up a trade promotion council to boost its trade with Vietnam. It is expected that during this visit, the two governments will sign a number of agreements to pave the way for wider and more effective economic cooperation between the two countries.

'We wish the visit a success, thus making a contribution to promoting friendship and cooperation between Vietnam and the Netherlands', the editorial concludes.

#### **Vo Van Kiet Welcomes Prime Minister Kok**

*BK1206095095 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 12 Jun 95*

[FBIS Translated Text] An official ceremony was held at 0900 this morning at the Presidential Palace to welcome Wim Kok, prime minister of the Kingdom of the Netherlands. Prime Minister Vo Van Kiet and his wife warmly welcomed the official friendship visit to Vietnam by Prime Minister Wim Kok and his wife.

Also on hand to welcome Prime Minister Wim Kok were members of the diplomatic corps in Hanoi. A group of Hanoi children presented fresh bouquets to the Netherlands prime minister and his wife as an indication of the hospitality of the people in the capital.

Following the state welcoming ceremony, Prime Minister Vo Van Kiet had a personal meeting with Prime Minister Wim Kok at the Presidential Palace guest house. The Vietnamese Government delegation headed by Prime Minister Vo Van Kiet held talks with the Netherlands Government delegation headed by Prime Minister Wim Kok.

#### **Party Conference Discusses Law of the Sea**

*BK1206112795 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 10 Jun 95*

[FBIS Translated Text] The Central Committee Ideology and Culture Department held a conference to study the U.N. convention on the 1982 Law of the Sea in Sam Son, Thanh Hoa Province from 8-10 June. Attending the conference were leading cadres of the department and provinces from Thua Thien-Hue northward.

Delegates discussed key elements of the convention and measures to widely disseminate the law and propagate the significant role of our sea and islands to promote efforts to protect our national security, strengthen sovereignty, and develop the nation. These efforts will help mobilize people to participate in building the marine economy while protecting national sovereignty and marine interests.

They also discussed measures for mobilizing the population to seriously implement regulations on exploiting, managing, and protecting the sea in accordance with Vietnamese and international law.

#### **Talks on Repatriation Held in Germany**

*BK0806090295 Hanoi VNA in English 0649 GMT 8 Jun 95*

[FBIS Transcribed Text] Hanoi VNA June 8 — The third round of talks on the repatriation of Vietnamese citizens now living in Germany without proper permits between Vietnam and Germany have been conducted.

The two delegations, led respectively by Deputy Foreign Minister Nguyen Dy Nien and Secretary of State of the Federal Ministry of the Interior Kurt Schedlter, met in Bonn from May 31 to June 2. They exchanged views on the matter at hand in an open, constructive spirit, and reached agreement on a number of points.

The two sides, considering an increase in crime among the Vietnamese community in Germany, also agreed to cooperate in crime prevention and fighting.

They decided to meet again, in Hanoi, in early July.

During his stay in Germany, Nguyen Dy Nien also met with Secretary of State at the Chancellor's Office Bernd Schmidbauer and Secretary of State at the Foreign Ministry Werner Hoyer.

Additionally he talked with CDU [Christian Democratic Union] and SPD [Social Democratic Party] members of the Parliament and visited Krupp AG.

In all those contacts he was assured of a strong interest in developing bilateral cooperative relations between the two countries.

#### **Political Refresher Centers Established**

*BK1006131495 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 8 Jun 95*

[FBIS Translated Text] The party Central Committee's Secretariat recently issued a directive on the establishment of political refresher training centers at the district level for the purpose of strengthening political and ideological training, and to provide further and regular training on the policies and lines of the party to cadres and party members. The centers will be responsible for organizing education programs on political theories which aim to enhance knowledge and professionalism of cadres and party members, administration officials, and mass organization officials at the district level.

The directive determines that each precinct, district, village, town, city under provincial management, and city under central government management should establish a political refresher training center. The localities which already have party schools, political education centers, or other organization forms, should reorganize these establishments into political refresher training centers as directed by this decision.

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